

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011
FOR
BEATSON'S BUILDING SUPPLIES LIMITED**

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FOR THE YEAR ENDED 31 JULY 2011**

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**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2011**

The directors present their report with the financial statements of the company for the year ended 31 July 2011.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole and are turnover, gross margin, operating profit and return on capital employed.

The company's turnover increased by £1,816,123 to £17,808,080 an increase of 11.36% (2010 4.25%) with gross margin increasing by £359,717 to £5,347,344 on a gross profit percentage for the year of 30.0% (2010 31.2%).

Operating profit decreased to £595,358 from £842,967 in 2010. Return on capital employed has decreased to 13.9% (2010 18.7%). Return on capital employed is calculated as profit before interest, and tax divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

In the year to 31 July 2011 the company has continued to perform well in what is a depressed industry.

The main challenges are that the construction industry in Scotland and the rest of the United Kingdom continue to suffer from a lack of credit available to both the trade and the general public. On top of the already depressed nature of the industry the country suffered another severe winter with a large amount of tradesmen unable to work out of doors for nearly six weeks during this period because of bad weather. This then had a knock on effect on our trade over this period. Price inflation has also played its part this year with significant increases in the cost of raw materials and fuel affecting all products base cost.

The company has however managed to trade well through all of the above challenges and the company is showing a like for like increase in turnover of £695,534 in the building supplies division. In addition to this we opened a new trading division of Beatson's Building Supplies Limited in February 2011 which trades as Skyline Roofing Supplies, the directors are very happy with the performance of this new division. The company's continued membership of buying groups and constant review of the company overhead cost base by the directors have also contributed to the company's success in the year to 31 July 2011.

The main challenges and threats going forward in 2012 are the continued lack of credit, the overall state of the UK and European economy and the associated price inflation. We also see a potential credit push - pull situation occurring in 2012 as the economy starts to expand. As construction increases customers will require more credit than the banks are able or willing to offer and so customers will turn to their supplier to pull more credit for their increasing workload and the builders merchants will have to shoulder this credit burden in the short term. We are already preparing for this and our credit control systems are strong enough to cope with this flex which we can see on the horizon.

DIVIDENDS

Interim dividends totalling £300,000 were paid during the year. The total distribution for the year ended 31 July 2011 will be £300,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2010 to the date of this report.

J Marshall Jnr
Mrs S Marshall
M E Northway

Other changes in directors holding office are as follows:

J R Marshall - appointed 1 January 2011

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2011**

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £5,068 (2010 £6,156). £1,000 of donations were made in respect of a medical care charity. The remaining £4,068 was made to various local groups and charities in respect of various individual issues.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

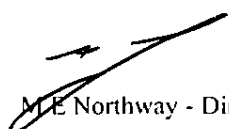
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



M E Northway - Director

2 February 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BEATSON'S BUILDING SUPPLIES LIMITED

We have audited the financial statements of Beatson's Building Supplies Limited for the year ended 31 July 2011 on pages four to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Russell McGowan CA (Senior Statutory Auditor)
for and on behalf of Martin Aitken & Co
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

2 February 2012

BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC44008)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £	2010 £
TURNOVER		17,808,080	15,991,957
Cost of sales		12,460,736	11,004,330
GROSS PROFIT		5,347,344	4,987,627
Administrative expenses		4,923,695	4,366,958
		423,649	620,669
Other operating income	2	171,709	222,298
OPERATING PROFIT	4	595,358	842,967
Interest receivable and similar income		-	1,152
		595,358	844,119
Interest payable and similar charges	5	41,667	45,062
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		553,691	799,057
Tax on profit on ordinary activities	6	198,093	264,323
PROFIT FOR THE FINANCIAL YEAR		355,598	534,734

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC44008)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2011**

	2011 £	2010 £
PROFIT FOR THE FINANCIAL YEAR	355,598	534,734
Unrealised loss on revaluation of fixed assets	<u>(105,273)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>250,325</u></u>	<u><u>534,734</u></u>

The notes form part of these financial statements

BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC44008)

BALANCE SHEET

31 JULY 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	2,989,114	3,189,036
CURRENT ASSETS			
Stocks	9	1,858,086	1,330,012
Debtors	10	3,271,503	2,787,131
Cash in hand		3,160	1,610
		<u>5,132,749</u>	<u>4,118,753</u>
CREDITORS			
Amounts falling due within one year	11	<u>5,787,235</u>	<u>4,547,767</u>
NET CURRENT LIABILITIES		<u>(654,486)</u>	<u>(429,014)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,334,628</u>	<u>2,760,022</u>
CREDITORS			
Amounts falling due after more than one year	12	(212,787)	(585,529)
ACCRUALS AND DEFERRED INCOME	17	<u>(3,540)</u>	<u>(6,517)</u>
NET ASSETS		<u><u>2,118,301</u></u>	<u><u>2,167,976</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	315,000	315,000
Investment revaluation reserve	19	67,951	67,951
Revaluation reserve	19	621,523	726,796
Profit and loss account	19	<u>1,113,827</u>	<u>1,058,229</u>
SHAREHOLDERS' FUNDS	23	<u><u>2,118,301</u></u>	<u><u>2,167,976</u></u>

The financial statements were approved by the Board of Directors on 2 February 2012 and were signed on its behalf by:



J Marshall Jnr - Director



M E Northway - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	499,717	977,730
Returns on investments and servicing of finance	2	(41,667)	(43,910)
Taxation		(246,354)	(225,228)
Capital expenditure	2	(322,637)	(153,514)
Equity dividends paid		(300,000)	(250,000)
		(410,941)	305,078
Financing	2	(205,620)	(563,171)
Decrease in cash in the period		<u>(616,561)</u>	<u>(258,093)</u>
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(616,561)	(258,093)
Cash outflow from decrease in debt and lease financing		<u>282,091</u>	<u>371,423</u>
Change in net debt resulting from cash flows		(334,470)	113,330
New finance leases		-	<u>(40,314)</u>
Movement in net debt in the period		(334,470)	73,016
Net debt at 1 August		<u>(2,378,722)</u>	<u>(2,451,738)</u>
Net debt at 31 July		<u><u>(2,713,192)</u></u>	<u><u>(2,378,722)</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2011

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

	2011	2010
	£	£
Operating profit	595,358	842,967
Depreciation charges	418,188	379,167
(Profit)/Loss on disposal of fixed assets	(900)	4,789
Impairment losses for fixed assets	-	3
Government grants	(2,880)	(2,880)
Increase in stocks	(528,074)	(133,592)
Increase in debtors	(568,755)	(191,020)
Increase in creditors	586,780	78,296
Net cash inflow from operating activities	499,717	977,730

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	-	1,152
Interest paid	(36,968)	(40,733)
Interest element of hire purchase and finance lease rental payments	(4,699)	(4,329)
Net cash outflow for returns on investments and servicing of finance	(41,667)	(43,910)
Capital expenditure		
Purchase of tangible fixed assets	(332,387)	(170,774)
Sale of tangible fixed assets	9,750	17,260
Net cash outflow for capital expenditure	(322,637)	(153,514)
Financing		
New loans in year	258,600	100,000
Loan repayments in year	(532,683)	(441,393)
Capital repayments in year	(8,010)	(30,030)
Amount introduced by directors	76,473	-
Amount withdrawn by directors	-	(191,748)
Net cash outflow from financing	(205,620)	(563,171)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2011

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.10 £	Cash flow £	At 31.7.11 £
Net cash:			
Cash at bank and in hand	1,610	1,550	3,160
Bank overdraft	(1,341,105)	(618,111)	(1,959,216)
	<u>(1,339,495)</u>	<u>(616,561)</u>	<u>(1,956,056)</u>
Debt:			
Hire purchase and finance leases	(46,969)	8,010	(38,959)
Debts falling due within one year	(429,563)	(87,352)	(516,915)
Debts falling due after one year	(562,695)	361,433	(201,262)
	<u>(1,039,227)</u>	<u>282,091</u>	<u>(757,136)</u>
Total	<u>(2,378,722)</u>	<u>(334,470)</u>	<u>(2,713,192)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

The turnover shown in the profit and loss account represents the invoice value of goods and services rendered during the year, exclusive of value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Heritable Property	- 2% on cost
Leasehold improvements	- straight line over life of lease
Plant and machinery	- 20% on cost and 15% on cost
Furniture and fittings	- 15% on cost and straight line over term of lease
Motor vehicles	- 20% on cost and 20% on reducing balance

Land included within heritable property has not been depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Replacement cost of stock would not be materially different.

Deferred tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Rentals receivable under operating leases are credited to the profit and loss account as they accrue.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

1. ACCOUNTING POLICIES - continued

Investment properties

The company's investment properties are held for long term investment:

(i) Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and

(ii) No depreciation or amortisation is provided in respect of investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OTHER OPERATING INCOME

	2011	2010
	£	£
Rents received	106,357	145,915
Corporation tax supplement	13	-
Commission received	62,459	73,503
Government grants	2,880	2,880
	<u>171,709</u>	<u>222,298</u>

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

3. STAFF COSTS

	2011	2010
	£	£
Wages and salaries	2,171,787	1,911,055
Social security costs	180,824	181,576
Other pension costs	43,772	40,123
	<u>2,396,383</u>	<u>2,132,754</u>

The average monthly number of employees during the year was as follows:

	2011	2010
Production staff	62	56
Administration staff	34	29
	<u>96</u>	<u>85</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2011	2010
	£	£
Hire of plant and machinery	38,452	31,551
Other operating leases	210,236	214,631
Depreciation - owned assets	409,857	355,979
Depreciation - assets on hire purchase contracts and finance leases	8,329	23,188
(Profit)/Loss on disposal of fixed assets	(900)	4,789
Auditors' remuneration	20,000	19,000
Auditors' remuneration for non audit work	5,115	3,390
Government grants	(2,880)	(2,880)
Impairment losses for tangible fixed assets	-	3
	<u>296,968</u>	<u>241,807</u>
Directors' remuneration	6,382	5,751
Directors' pension contributions to money purchase schemes	<u>6,382</u>	<u>5,751</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	4	3
	<u>4</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	2011	2010
	£	£
Emoluments etc	134,202	119,227
	<u>134,202</u>	<u>119,227</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest on bank loans and overdrafts	27,473	25,570
Interest on other loans	9,495	15,163
Hire purchase interest	698	1,965
Finance lease interest	4,001	2,364
	<u>41,667</u>	<u>45,062</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

6. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2011 £	2010 £
Current tax:		
UK corporation tax	167,494	246,959
Under (over) provision in previous year	196	(801)
Total current tax	167,690	246,158
Deferred tax	30,403	18,165
Tax on profit on ordinary activities	198,093	264,323

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	553,691	799,057
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	155,033	223,736
Effects of:		
Disallowed expenses	12,352	14,606
Depreciation for the year in excess of capital allowances	18,481	10,063
Utilisation of tax losses	-	(1,446)
Under(over)provision - previous year	196	(801)
Marginal relief	(18,372)	-
Current tax charge	167,690	246,158

7. DIVIDENDS

	2011 £	2010 £
Ordinary shares of £1 each		
Interim	300,000	250,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

8. TANGIBLE FIXED ASSETS

	Heritable Property £	Leasehold improvements £	Investment property £
COST OR VALUATION			
At 1 August 2010	1,580,000	911,188	115,500
Additions	18,377	32,120	-
Revaluations	(138,377)	-	-
At 31 July 2011	1,460,000	943,308	115,500
DEPRECIATION			
At 1 August 2010	33,104	200,169	-
Charge for year	-	146,426	-
Eliminated on disposal	-	-	-
Revaluation adjustments	(33,104)	-	-
At 31 July 2011	-	346,595	-
NET BOOK VALUE			
At 31 July 2011	1,460,000	596,713	115,500
At 31 July 2010	1,546,896	711,019	115,500

	Plant and machinery £	Furniture and fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 August 2010	450,654	952,706	1,092,964	5,103,012
Additions	4,650	103,693	173,547	332,387
Disposals	-	(65,271)	(9,750)	(75,021)
Revaluations	-	-	-	(138,377)
At 31 July 2011	455,304	991,128	1,256,761	5,222,001
DEPRECIATION				
At 1 August 2010	324,496	582,464	773,743	1,913,976
Charge for year	40,296	116,289	115,175	418,186
Eliminated on disposal	-	(65,271)	(900)	(66,171)
Revaluation adjustments	-	-	-	(33,104)
At 31 July 2011	364,792	633,482	888,018	2,232,887
NET BOOK VALUE				
At 31 July 2011	90,512	357,646	368,743	2,989,114
At 31 July 2010	126,158	370,242	319,221	3,189,036

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

8. TANGIBLE FIXED ASSETS - continued

Included in cost or valuation of heritable property is heritable land of £360,000 (2010 - £409,514) which is not depreciated.

Heritable property was revalued on 31 July 2011 by Graham and Sibbald Surveyors on an existing use basis. If the heritable property was sold at this valuation a tax charge of approximately £35,580 would arise.

The investment properties are held for use under operating leases. The investment properties were revalued at 31 July 2009 by the directors and are included in the financial statements at values which represent their opinion of the open market value. The directors are not aware of any material change in value and therefore the valuations have not been updated. If the properties were sold at these values a tax charge of approximately £9,469 would arise.

Tangible fixed assets that were held for use in operating leases in the previous year were taken back for use in the company during the year.

Cost or valuation at 31 July 2011 is represented by:

	Heritable Property £	Leasehold improvements £	Investment property £
Valuation in 1997	-	-	10,702
Valuation in 2003	-	-	58,800
Valuation in 2005	-	-	10,500
Valuation in 2006	482,598	-	-
Valuation in 2009	17,208	-	(8,684)
Valuation in 2011	(138,377)	-	-
Cost	1,098,571	943,308	44,182
	<u>1,460,000</u>	<u>943,308</u>	<u>115,500</u>

	Plant and machinery £	Furniture and fittings £	Motor vehicles £	Totals £
Valuation in 1997	-	-	-	10,702
Valuation in 2003	-	-	-	58,800
Valuation in 2005	-	-	-	10,500
Valuation in 2006	-	-	-	482,598
Valuation in 2009	-	-	-	8,524
Valuation in 2011	-	-	-	(138,377)
Cost	455,304	991,128	1,256,761	4,789,254
	<u>455,304</u>	<u>991,128</u>	<u>1,256,761</u>	<u>5,222,001</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Furniture and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 August 2010 and 31 July 2011	40,314	11,409	51,723
DEPRECIATION			
At 1 August 2010	2,021	3,812	5,833
Charge for year	6,047	2,282	8,329
At 31 July 2011	8,068	6,094	14,162
NET BOOK VALUE			
At 31 July 2011	32,246	5,315	37,561
At 31 July 2010	38,293	7,597	45,890

9. STOCKS

	2011 £	2010 £
Goods for resale	1,858,086	1,330,012

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	2,681,066	2,231,888
Other debtors	365,317	322,503
Director's current account	-	53,179
Corporation tax recoverable	-	801
Deferred tax asset	55,810	86,213
Prepayments and accrued income	169,310	92,547
	3,271,503	2,787,131

The creation of a deferred tax asset arises from the tax effect of timing differences in respect of the excess of depreciation on fixed assets charged in the accounts over taxation allowances claimed. It is anticipated that this asset will be recovered against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loans and overdrafts (see note 13)	2,226,603	1,661,105
Other loans (see note 13)	249,528	109,563
Hire purchase contracts and finance leases (see note 14)	27,434	24,135
Trade creditors	2,649,635	2,044,338
Corporation tax payable	167,494	246,959
Social security and other taxes	92,317	76,147
VAT	200,014	283,786
Other creditors	20,122	24,792
Director's current account	23,294	-
Accruals and deferred income	130,794	76,942
	<u>5,787,235</u>	<u>4,547,767</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Bank loans (see note 13)	150,000	417,387
Other loans (see note 13)	51,262	145,308
Hire purchase contracts and finance leases (see note 14)	11,525	22,834
	<u>212,787</u>	<u>585,529</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2011 £	2010 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,959,216	1,341,105
Bank loans	267,387	320,000
Other loans	249,528	109,563
	<u>2,476,131</u>	<u>1,770,668</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	150,000	267,387
Other loans - 1-2 years	51,262	94,390
	<u>201,262</u>	<u>361,777</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	150,000
Other loans - 2-5 years	-	50,918
	<u>-</u>	<u>200,918</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts		Finance leases	
	2011	2010	2011	2010
	£	£	£	£
Net obligations repayable:				
Within one year	1,791	1,402	25,643	22,733
Between one and five years	6,402	8,193	5,123	14,641
	<u>8,193</u>	<u>9,595</u>	<u>30,766</u>	<u>37,374</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2011	2010	2011	2010
	£	£	£	£
Expiring:				
Within one year	-	-	2,566	2,427
Between one and five years	-	-	7,204	51,632
In more than five years	142,447	199,951	36,608	-
	<u>142,447</u>	<u>199,951</u>	<u>46,378</u>	<u>54,059</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2011	2010
	£	£
Bank overdrafts	1,959,216	1,341,105
Bank loans	417,387	737,387
Hire purchase contracts and finance leases	38,959	46,969
Other loans	215,047	138,165
	<u>2,630,609</u>	<u>2,263,626</u>

The bank borrowings are secured by a bond and floating charge over all of the company's assets.

Finance lease and hire purchase obligations are secured over the assets to which the contracts relate.

16. DEFERRED TAX

	£
Balance at 1 August 2010	(86,213)
Transfer to profit and loss account for year	<u>30,403</u>
Balance at 31 July 2011	<u>(55,810)</u>

The deferred taxation asset consists of the tax effect of timing differences in respect of the excess of depreciation on fixed assets over taxation allowances. The directors are satisfied that this asset is fully recoverable against future Corporation Tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

17. ACCRUALS AND DEFERRED INCOME

	2011	2010
	£	£
Deferred government grants	<u>3,540</u>	<u>6,517</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2011	2010
		£1	£	£
315,000	Ordinary		<u>315,000</u>	<u>315,000</u>

19. RESERVES

	Profit and loss account £	Investment revaluation reserve £	Revaluation reserve £	Totals £
At 1 August 2010	1,058,229	67,951	726,796	1,852,976
Profit for the year	355,598			355,598
Dividends	(300,000)			(300,000)
Revaluation of fixed assets	-	-	(105,273)	(105,273)
At 31 July 2011	<u>1,113,827</u>	<u>67,951</u>	<u>621,523</u>	<u>1,803,301</u>

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the directors and staff of the company. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date all contributions were paid up to date.

21. CAPITAL COMMITMENTS

	2011	2010
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>68,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2011

22. 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.

At the balance sheet date the company owed J Marshall Jnr £23,294 (2010 £53,179 owed by him to the company). During the year there were advances to directors totalling £184,755. All advances were made free of interest and without any payment terms affixed. Repayments from directors during the year totalled £261,228.

J Marshall Jnr received £300,000 in dividends during the year.

Beatson's Building Supplies Limited trades 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 £3,088 (2010 £2,114) of goods sold to Marshall Warehousing Limited and included in trade debtors is £316 (2010 £441) due from that company. The company rented premises during the year from Marshall Warehousing Limited. The rent charged in the year was £47,920 (2010 £57,504) and included in creditors is £nil (2010 £nil) due to that company. During the year Marshall Warehousing Limited advanced £108,600 to Beatson's Building Supplies Limited, at the year end the company owed Marshall Warehousing Limited £78,600. Interest charged on this loan during the year amounted to £614.

At the balance sheet date £215,047 (2010 £226,300) is due to Beatson's Building Supplies Ltd Directors Pension Fund in respect of loans received from the fund and is included in creditors. The period of the loans, advanced June 2008, February 2010 and February 2011, is 48, 60 and 12 months, respectively, and interest is charged on the loans at 3%, 1% and 1% above bank base rate, respectively. Interest charged on these loans during the year amounted to £8,506 (2010 £14,360).

Beatson's Building Supplies Limited trades on a regular basis with Sketch (Scotland) Limited, a company in which J Marshall Jnr owns 50% of the issued share capital. Included in turnover is £24,680 (2010 £40,613) of goods sold to Sketch (Scotland) Limited and included in trade debtors is £13,408 (2010 £17,164) due from that company. Included in other debtors is £nil (2010 £2,178) owed by Sketch (Scotland) to the company for expenses paid on their behalf. Included in cost of sales is £3,644 (2010 £26,366) of goods purchased from Sketch (Scotland) Limited. At the balance sheet date the company owed Sketch (Scotland) Limited £578 (2010 £2,918). The amounts due carried no interest charge. The company rented premises to Sketch (Scotland) Limited during the year. The rent received in the year was £30,500 (2010 £13,500).

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	355,598	534,734
Dividends	(300,000)	(250,000)
	55,598	284,734
Other recognised gains and losses relating to the year (net)	(105,273)	-
	(49,675)	284,734
Net (reduction)/addition to shareholders' funds	2,167,976	1,883,242
Opening shareholders' funds	2,118,301	2,167,976
Closing shareholders' funds	2,118,301	2,167,976