

**KNOWLE DECORATING &
BUILDING SUPPLIES LIMITED**

Report and Financial Statements

31 October 2001



**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mrs M R Neale
G A Bottomore

SECRETARY

Mrs C Bottomore

REGISTERED OFFICE

Warwick House
16 Kenilworth Road
Knowle
Solihull
B93 0JA

BANKERS

Barclays Bank plc
1 Station Road
Knowle
Solihull
B93 0HW

ACCOUNTANTS

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 October 2001.

ACTIVITIES

The company's principal activity is that of wholesale/retail hardware and builders merchants.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company has enjoyed another successful trading year. The directors expect this trend to continue in the foreseeable future.

DIVIDENDS AND TRANSFERS TO RESERVES

The net profit for the year after taxation amounted to £28,683 (2000 - £21,735). An interim dividend of £18,000 (2000 - £18,000) was paid in the year. No final dividend is proposed. Profits of £10,683 (2000 - £3,735) are to be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the share capital of the company, are as follows:

	Ordinary shares of £1 each	
	2001 No	2000 No
Mrs M R Neale	59	59
G A Bottomore	41	41

ACCOUNTANTS

Deloitte & Touche have expressed their willingness to continue in office as accountants and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Mrs C Bottomore
Secretary



ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS OF KNOWLE DECORATING & BUILDING SUPPLIES LIMITED

As described on the balance sheet, you are responsible for the preparation of the accounts for the year ended 31 October 2001 set out on pages 4 to 10, and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Chartered Accountants

17 June 2002

**PROFIT AND LOSS ACCOUNT
Year ended 31 October 2001**

	Note	£	2001 £	2000 £
TURNOVER: continuing operations	2		493,491	450,536
Cost of sales			(405,908)	(381,296)
Gross profit			87,583	69,240
Administrative expenses			(49,374)	(40,857)
OPERATING PROFIT: continuing operations	4		38,209	28,383
Interest receivable and similar income		689		742
Interest payable and similar charges	5	(4,415)		(1,986)
			(3,726)	(1,244)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			34,483	27,139
Tax on profit on ordinary activities	6		(5,800)	(5,404)
PROFIT FOR THE FINANCIAL YEAR			28,683	21,735
Dividends	7		(18,000)	(18,000)
			10,683	3,735
Retained profit brought forward			110,884	107,149
Retained profit carried forward			121,567	110,884

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains or losses is given.

**BALANCE SHEET
31 October 2001**

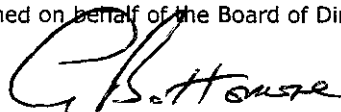
	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	27,483	20,614
CURRENT ASSETS			
Stocks	9	86,818	82,141
Debtors	10	78,122	83,715
Cash at bank and in hand		30,409	25,036
		<u>195,349</u>	<u>190,892</u>
CREDITORS: amounts falling due within one year	11	<u>(78,378)</u>	<u>(86,086)</u>
NET CURRENT ASSETS		<u>116,971</u>	<u>104,806</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		144,454	125,420
CREDITORS: amounts falling due after more than one year	12	<u>(22,787)</u>	<u>(14,436)</u>
		<u>121,667</u>	<u>110,984</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account		121,567	110,884
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>121,667</u>	<u>110,984</u>

These annual accounts have not been audited because the company is entitled to the exemption provided by Section 249A(1) of the Companies Act 1985 and no notice under Section 249B(2) has been deposited at the company's registered office requiring the company to obtain an audit of the accounts.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with Section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 14 June 2002.

Signed on behalf of the Board of Directors



G A Bottomore

Director

**NOTES TO THE ACCOUNTS
Year ended 31 October 2001**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives by annual instalments at the following rates:

Fixtures and equipment	- 10% straight line
Motor vehicles	- 33 1/3% reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer of the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight-line basis over the lease term.

2. TURNOVER

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

NOTES TO THE ACCOUNTS
Year ended 31 October 2001

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Directors' remuneration		
Emoluments (excluding pension contributions)	21,590	21,622
Staff costs during the year (including directors)		
Wages and salaries	83,967	82,202

The average number employed by the company during the year was 7 (2000 - 7).

4. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	599	637
Leased assets	13,377	9,642
(Profit) on disposal of fixed assets	(2,895)	(2,276)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Finance leases and hire purchase contracts	4,415	1,986

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000 - 20%) based on taxable profit for the year	5,800	5,435
Adjustments to prior years' tax provisions	-	(31)
Corporation tax	5,800	5,404

7. DIVIDENDS

	2001 £	2000 £
Ordinary shares		
Interim paid - £180.00 per ordinary share (2000 - £180.00)	18,000	18,000

**NOTES TO THE ACCOUNTS
Year ended 31 October 2001**

8. TANGIBLE FIXED ASSETS

	Fixtures and equipment £	Motor vehicles £	Total £
Cost			
At 1 November 2000	6,114	41,344	47,458
Additions in year	-	40,130	40,130
Disposals in year	-	(39,344)	(39,344)
	<u>6,114</u>	<u>42,130</u>	<u>48,244</u>
At 31 October 2001			
Accumulated depreciation			
At 1 November 2000	5,048	21,796	26,844
Charge in year	511	13,465	13,976
Disposals in year	-	(20,059)	(20,059)
	<u>5,559</u>	<u>15,202</u>	<u>20,761</u>
At 31 October 2001			
Net book value			
At 31 October 2001	<u>555</u>	<u>26,928</u>	<u>27,483</u>
At 31 October 2000	<u>1,066</u>	<u>19,548</u>	<u>20,614</u>

Motor vehicles includes assets held under hire purchase contracts having a net book value of £26,573 (2000 - £19,285).

9. STOCKS

	2001 £	2000 £
Goods for resale	<u>86,818</u>	<u>82,141</u>

10. DEBTORS

	2001 £	2000 £
Trade debtors	75,174	80,786
Prepayments and accrued income	<u>2,948</u>	<u>2,929</u>
	<u>78,122</u>	<u>83,715</u>

All amounts are due within one year.

**NOTES TO THE ACCOUNTS
Year ended 31 October 2001**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Obligations under finance leases and hire purchase contracts	11,021	9,649
Trade creditors	28,326	34,272
Directors' current accounts	14,200	18,100
Corporation tax	5,800	5,435
Other taxes and social security	11,003	9,932
Accruals	8,028	8,698
	<u>78,378</u>	<u>86,086</u>

The amount owing to directors is free of interest and has no specified repayment date.

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

	2001	2000
	£	£
Obligations under finance leases and hire purchase contracts	<u>22,787</u>	<u>14,436</u>

13. BORROWINGS

	2001	2000
	£	£
Obligations under finance leases and hire purchase contracts	<u>33,808</u>	<u>24,085</u>
The maturity of the above amounts is as follows:		
In one year or less, or on demand	11,021	9,649
More than one year but not more than two years	11,021	7,947
More than two years but not more than five years	11,766	6,489
	<u>33,808</u>	<u>24,085</u>

14. CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Authorised		
1,000 ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**NOTES TO THE ACCOUNTS
Year ended 31 October 2001**

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit attributable to members of the company	28,683	21,735
Dividends	<u>(18,000)</u>	<u>(18,000)</u>
Net addition/(reduction) to shareholders' funds	10,683	3,735
Opening shareholders' funds	<u>110,984</u>	<u>107,249</u>
Closing shareholders' funds	<u><u>121,667</u></u>	<u><u>110,984</u></u>

16. RELATED PARTY TRANSACTIONS

The premises used by the company for the purposes of its trade are owned by Mrs C Bottomore, the wife of Mr G A Bottomore, a director of the company. The company occupies the property rent free.