

BMB Builders Merchants Limited

Directors' report and financial
statements

Registered number 270325

31 December 2006

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Company Information

| | |
|--------------------------|----------------------------------------------------------------------------------------------|
| Directors | K Middleton C O'Nuallain J Sowton |
| Secretary | Grafton Group Secretarial Services Limited |
| Company Number | 270325 |
| Registered Office | Aquis Court 31 Fishpool Street St Albans Hertfordshire AL3 4RF |
| Auditors | KPMG LLP Chartered Accountants Arlington Business Park Theale Reading RG7 4SD |

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activities

The principal activity of the company was formerly that of a Builders Merchant. On 1 December 2003 the trade and assets transferred to a fellow group company. The company did not trade during the current year and it is not intended for the company to trade in the foreseeable future.

Business review

The results for the year are set out on page 5.

An enhanced business review has not been performed as the company is exempt on the grounds of size.

Proposed dividend

A dividend of £431,231 was declared on 8 December 2006 (2005: £222,292).

Directors

The directors who held office during the year were as follows:

K Middleton

C O'Nuallain

J Sowton

Disclosure of information to auditors

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


C O'Nuallain
Director

Aquis Court
31 Fishpool Street
St Albans
Hertfordshire
AL3 4RF

Dated: 26 October 2007

Statement of director's responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report 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 UK Accounting Standards.

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Independent auditor's report to the members of BMB Builders Merchants Limited

We have audited the financial statements of BMB Builders Merchants Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditor's report to the members of BMB Builders Merchants Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants
Registered Auditor
Arlington Business Park
Theale
Reading
RG7 4SD

29th October 2007

Profit and loss account
for the year ended 31 December 2006

| | <i>Note</i> | 2006 £ | 2005 £ |
|-------------------------------|-------------|------------------|-----------|
| Dividends received | 5 | 431,231 | 222,292 |
| | | <hr/> | <hr/> |
| Profit before taxation | | 431,231 | 222,292 |
| Taxation | 6 | - | - |
| | | <hr/> | <hr/> |
| Profit after taxation | 12 | 431,231 | 222,292 |
| | | <hr/> | <hr/> |

The profit and loss account contains all recognised gains and losses of the company for the current year and prior year.

Following the transfer of trade and assets to Buildbase Limited on 1 December 2003, all activities of the company are now discontinued. Consequently, the profit and loss account has no trading during the current or prior years.

There is no difference between the company's results as reported and on an historical cost basis. Accordingly no note of historical cost profit and loss has been prepared.

Balance sheet
 at 31 December 2006

| | Note | 2006 £ | 2005 £ |
|-------------------------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Investments | 7 | 5,107,799 | 5,107,799 |
| Current assets | | | |
| Debtors | 8 | 38,574 | 138,574 |
| | | <u>38,574</u> | <u>138,574</u> |
| Creditors: amounts falling due within one year | 9 | - | (100,000) |
| | | <u>-</u> | <u>(100,000)</u> |
| Net current assets | | 38,574 | 38,574 |
| Net assets | | <u>5,146,373</u> | <u>5,146,373</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 51,600 | 51,600 |
| Share premium account | 12 | 5,600 | 5,600 |
| Other reserves | 12 | 174,815 | 174,815 |
| Profit and loss account | 12 | 4,914,358 | 4,914,358 |
| | | <u>5,146,373</u> | <u>5,146,373</u> |
| Equity shareholders' funds | 11 | <u>5,146,373</u> | <u>5,146,373</u> |

These financial statements were approved and authorised for issue by the board of directors on 26 October 2007 and were signed on its behalf by:


C O'Nuallain
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is consolidated within Grafton Group plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Grafton Group plc, within which this company is included, can be obtained from Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland.

Investments

Investments are stated at cost less any provisions for permanent diminution in value.

Dividend Income

Dividend income is recognised when the right to receive payment is established

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Operating profit

The company has not traded during the year. There are no expenses incurred after which operating profit has been stated.

3 Employees

There were no employees or employee related costs during the year (2005: nil).

4 Dividends paid

| | 2006 £ | 2005 £ |
|--------------------------------------|-----------|-----------|
| Dividends paid to group undertakings | 431,231 | 222,292 |

Dividend per share for the year ended 31 December 2006 amounted to £0.084 (2005: £0.043).

5 Dividends received

| | 2006 £ | 2005 £ |
|--------------------------------------------|-----------|-----------|
| Dividends received from group undertakings | 431,231 | 222,292 |

6 Taxation

(i) Analysis of charge for the year

There is no tax charge in either the current or the previous year.

(ii) Factors affecting the tax charge for the year

The tax assessed in the year is different from the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below;

| | 2006 £ | 2005 £ |
|---------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities before tax | 431,231 | 222,292 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%) | 129,369 | 66,688 |
| Effects of: | | |
| Dividends not subject to corporation tax | (129,369) | (66,688) |
| Current tax charge for the year | - | - |

Notes (continued)

7 Investments

| | 2006 £ | 2005 £ |
|------------------------------------------------|-----------|-----------|
| Investment in Jackson Building Centres Limited | 5,107,799 | 5,107,799 |

The Company owns 100% of the Class "D" shares with a nominal value of £1 in Jackson Building Centres Limited, a company incorporated in the United Kingdom. As a result of the shareholdings in Jackson Building Centres Limited by various members of the Grafton group, it is treated as a subsidiary for the purposes of the Grafton group accounts. At 31 December 2006 Jackson Building Centres Limited had net assets £293,649,999 and profit after taxation of £25,235,648.

8 Debtors

| | 2006 £ | 2005 £ |
|------------------------------------|-----------|-----------|
| Amounts owed by group undertakings | 38,574 | 38,574 |
| Prepayments and accrued income | - | 100,000 |
| | 38,574 | 138,574 |

9 Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|------------------------------|-----------|-----------|
| Accruals and deferred income | - | 100,000 |

10 Called up share capital

| | 2006 £ | 2005 £ |
|---------------------------------------------------------------------------------|-----------|-----------|
| <i>Authorised</i> Equity: Ordinary shares of £1 each | 500,000 | 500,000 |
| <i>Allotted, called up and fully paid</i> Equity: Ordinary shares of £1 each | 51,600 | 51,600 |

Notes (continued)

11 Reconciliation of movement in shareholders' funds

| | 2006 £ | 2005 £ |
|--------------------------------------------|-----------|-----------|
| Profit for the financial year | 431,231 | 222,292 |
| Dividends paid | (431,231) | (222,292) |
| | <hr/> | <hr/> |
| Net increase in shareholders' funds | - | - |
| Opening shareholders' funds | 5,146,373 | 5,146,373 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 5,146,373 | 5,146,373 |
| | <hr/> | <hr/> |

12 Reserves

| | Share premium £ | Other reserves £ | Profit & loss account £ |
|----------------------------|-----------------------|------------------------|-------------------------------|
| At 1 January 2006 | 5,600 | 174,815 | 4,914,358 |
| Profit for the year | - | - | 431,231 |
| Dividends paid | - | - | (431,231) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2006 | 5,600 | 174,815 | 4,914,358 |
| | <hr/> | <hr/> | <hr/> |

13 Related party transactions

There were no related party transactions during the year ended 31 December 2006 (2005: nil), which require disclosure under Financial Reporting Standard 8 (FRS8).

14 Commitments

The company had no capital commitments or annual commitments under non-cancellable operating leases at 31 December 2006 or 31 December 2005.

15 Contingent liabilities

BMB Builders Merchants Limited act as a guarantor to Lloyds TSB Bank plc in respect of facilities made available to other group companies which at the balance sheet date amount to £25,000,000 (2005: £25,000,000). BMB Builders Merchants Limited, along with other UK subsidiaries of Grafton Group Plc, act as guarantor for the group sterling bank borrowings which at the balance sheet date amounted to £490,254,000 (2005: £573,939,000).

Notes *(continued)*

16 Ultimate and immediate parent company

The company is a subsidiary undertaking of Grafton Group (UK) plc incorporated in Great Britain.

The largest and smallest group in which the results of the company are consolidated is that headed by Grafton Group plc incorporated in the Republic of Ireland. The consolidated accounts of this company are available to the public and may be obtained from Grafton Group plc, Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland.