

Company no 2179787

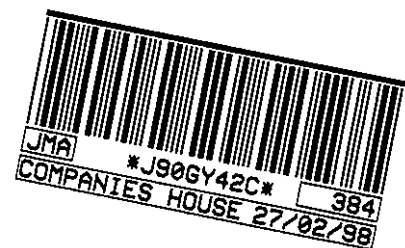
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AINSCOUGH BUILDING SUPPLIES LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 1997



AINSCOUGH BUILDING SUPPLIES LIMITED

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for the Year Ended 30 April 1997**

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AINSCOUGH BUILDING SUPPLIES LIMITED

COMPANY INFORMATION
for the Year Ended 30 April 1997

DIRECTORS: Mrs M Ainscough Snr
J J Ainscough
S H Ainscough

SECRETARY: S Smith

REGISTERED OFFICE: Mossy Lea Road
Wrightington
Wigan
Lancashire

REGISTERED NUMBER: 2179787 (England and Wales)

AUDITORS: John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

BANKERS: Royal Bank of Scotland Plc
32 Wallgate
Wigan

AINSCOUGH BUILDING SUPPLIES LIMITED

REPORT OF THE DIRECTORS for the Year Ended 30 April 1997

The directors present their report with the financial statements of the company for the year ended 30 April 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of builders general merchants.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Adequate finance has been obtained to take advantage of business opportunities and the directors consider the state of affairs to satisfactory.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 1997.

DIRECTORS

The directors during the year under review were:

Mrs M Ainscough Snr
J J Ainscough
S H Ainscough

The directors holding office at 30 April 1997 did not hold any beneficial interest in the issued share capital of the company at 1 May 1996 or 30 April 1997.

STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those 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;
- 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. 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.

AUDITORS

The auditors, John Fairhurst & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
S Smith - SECRETARY

Dated: 26.2.97

AINSCOUGH BUILDING SUPPLIES LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
AINSCOUGH BUILDING SUPPLIES LIMITED**

We have audited the financial statements on pages four to fourteen which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page nine.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

John Fairhurst & Co.

Dated: 27.2.97.

AINSCOUGH BUILDING SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT for the Year Ended 30 April 1997

		<u>1997</u>	<u>1996</u>
	Notes	£	£
TURNOVER	2	3,490,283	3,667,430
Cost of sales		<u>2,605,657</u>	<u>2,744,571</u>
GROSS PROFIT		884,626	922,859
Administrative expenses		<u>782,581</u>	<u>770,143</u>
		102,045	152,716
Other operating income		<u>63,737</u>	<u>52,245</u>
OPERATING PROFIT	4	165,782	204,961
Interest receivable and similar income	5	<u>16</u>	<u>-</u>
		165,798	204,961
Interest payable and similar charges	6	<u>114,094</u>	<u>125,459</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		51,704	79,502
Tax on profit on ordinary activities	7	<u>-</u>	<u>18,633</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		51,704	60,869
Deficit brought forward		<u>(25,350)</u>	<u>(86,219)</u>
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		<u>£26,354</u>	<u>£(25,350)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

AINSCOUGH BUILDING SUPPLIES LIMITED

BALANCE SHEET

30 April 1997

		<u>1997</u>		<u>1996</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		946,619		878,751
CURRENT ASSETS:					
Stocks	9	686,330		742,381	
Debtors	10	1,035,589		1,027,605	
Cash in hand		<u>1,570</u>		<u>1,121</u>	
		1,723,489		1,771,107	
CREDITORS: Amounts falling due within one year	11	<u>2,124,954</u>		<u>2,153,709</u>	
NET CURRENT LIABILITIES:			<u>(401,465)</u>		<u>(382,602)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			545,154		496,149
CREDITORS: Amounts falling due after more than one year	12		<u>316,548</u>		<u>319,247</u>
			<u>£228,606</u>		<u>£176,902</u>
CAPITAL AND RESERVES:					
Called up share capital	15		2		2
Revaluation reserve	16		202,250		202,250
Profit and loss account			<u>26,354</u>		<u>(25,350)</u>
Shareholders' funds	21		<u>£228,606</u>		<u>£176,902</u>

ON BEHALF OF THE BOARD:



J J Ainscough - DIRECTOR

Approved by the Board on 26.2.97

The notes form part of these financial statements

AINSCOUGH BUILDING SUPPLIES LIMITED

**CASH FLOW STATEMENT
for the Year Ended 30 April 1997**

		<u>1997</u>	<u>1996</u>
	Notes	£	£
Net cash inflow from operating activities	1	252,714	95,108
Returns on investments and servicing of finance	2	(114,078)	(125,459)
Capital expenditure	2	<u>(96,108)</u>	<u>(43,850)</u>
		42,528	(74,201)
Financing	2	<u>(16,154)</u>	<u>(8,238)</u>
Increase/(Decrease) in cash in the period		<u>£26,374</u>	<u>£(82,439)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>26,374</u>	<u>(82,439)</u>
Change in net debt resulting from cash flows		<u>26,374</u>	<u>(82,439)</u>
Movement in net debt in the period		26,374	(82,439)
Net debt at 1 May 1996		<u>(1,410,350)</u>	<u>(1,327,911)</u>
Net debt at 30 April 1997		<u>£(1,383,976)</u>	<u>£(1,410,350)</u>

The notes form part of these financial statements

AINSCOUGH BUILDING SUPPLIES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 April 1997**

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

	1997 £	1996 £
Operating profit	165,782	204,961
Depreciation charges	27,836	27,543
Loss on sale of fixed assets	404	3,155
Decrease/(Increase) in stocks	56,051	(125,168)
Decrease/(Increase) in debtors	8,170	(18,988)
(Decrease)/Increase in creditors	<u>(5,529)</u>	<u>3,605</u>
Net cash inflow from operating activities	<u>252,714</u>	<u>95,108</u>

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

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	16	-
Interest paid	<u>(114,094)</u>	<u>(125,459)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(114,078)</u>	<u>(125,459)</u>
Capital expenditure		
Purchase of tangible fixed assets	(98,808)	(71,150)
Sale of tangible fixed assets	<u>2,700</u>	<u>27,300</u>
Net cash outflow for capital expenditure	<u>(96,108)</u>	<u>(43,850)</u>
Financing		
Amount withdrawn by directors	<u>(16,154)</u>	<u>(8,238)</u>
Net cash outflow from financing	<u>(16,154)</u>	<u>(8,238)</u>

The notes form part of these financial statements

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 April 1997

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/5/96 £	Cash flow £	At 30/4/97 £
Net cash:			
Cash at bank and in hand	1,121	449	1,570
Bank overdraft	<u>(1,411,471)</u>	<u>25,925</u>	<u>(1,385,546)</u>
	<u>(1,410,350)</u>	<u>26,374</u>	<u>(1,383,976)</u>
 Total	 <u>(1,410,350)</u>	 <u>26,374</u>	 <u>(1,383,976)</u>
 Analysed in Balance Sheet			
Cash at bank and in hand	1,121		1,570
Bank overdraft	<u>(1,411,471)</u>		<u>(1,385,546)</u>
	<u>(1,410,350)</u>		<u>(1,383,976)</u>

The notes form part of these financial statements

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 April 1997

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

Turnover represents net invoiced sales of goods, excluding 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.

Freehold property	- 2% on reducing balance
Plant, machinery, fittings	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	410,176	391,048
Social security costs	38,760	37,219
Other pension costs	2,718	8,179
	<u>451,654</u>	<u>436,446</u>

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

	1997	1996
Direct labour	19	18
Distribution	8	8
Administration	8	8
	<u>35</u>	<u>34</u>

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 April 1997

4. OPERATING PROFIT

The operating profit is stated after charging:

	1997	1996
	£	£
Depreciation - owned assets	27,836	27,543
Loss on disposal of fixed assets	<u>404</u>	<u>3,155</u>
 Directors' emoluments	 <u>55,649</u>	 <u>51,500</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Corporation tax interest received	<u>16</u>	<u>-</u>
	<u>16</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Bank interest	<u>114,094</u>	<u>125,459</u>

7. TAXATION

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

	1997	1996
	£	£
UK Corporation Tax	-	20,512
Adjustment re prior year	<u>-</u>	<u>(1,879)</u>
	<u>-</u>	<u>18,633</u>

UK Corporation Tax was charged at 25% in 1996.

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 April 1997

8. TANGIBLE FIXED ASSETS

	<u>Freehold property</u>	<u>Plant, machinery fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
COST OR VALUATION:				
At 1 May 1996	824,145	139,329	188,004	1,151,478
Additions	79,716	7,442	11,650	98,808
Disposals	-	-	(12,626)	(12,626)
At 30 April 1997	<u>903,861</u>	<u>146,771</u>	<u>187,028</u>	<u>1,237,660</u>
DEPRECIATION:				
At 1 May 1996	26,249	111,806	134,672	272,727
Charge for year	10,560	5,525	11,751	27,836
Eliminated on disposals	-	-	(9,522)	(9,522)
At 30 April 1997	<u>36,809</u>	<u>117,331</u>	<u>136,901</u>	<u>291,041</u>
NET BOOK VALUE:				
At 30 April 1997	<u>867,052</u>	<u>29,440</u>	<u>50,127</u>	<u>946,619</u>
At 30 April 1996	<u>797,896</u>	<u>27,523</u>	<u>53,332</u>	<u>878,751</u>

The company's freehold land and buildings at Mossy Lea, Wroughtington, Nr Wigan, were revalued on 30 April 1994 by Norton & Company, Chartered Surveyors, on an existing use open market value basis. The historical cost of the freehold land and buildings included at valuation is as follows:

	1997	1996
	£	£
Cost	713,755	634,039
Accumulated Depreciation	<u>82,884</u>	<u>73,012</u>
	<u>630,871</u>	<u>561,027</u>

9. STOCKS

	1997	1996
	£	£
Stock	<u>686,330</u>	<u>742,381</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Trade debtors	918,112	941,973
Other debtors	34,757	22,941
Prepayments	37,186	33,311
Directors' current accounts	<u>45,534</u>	<u>29,380</u>
	<u>1,035,589</u>	<u>1,027,605</u>

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 April 1997

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Bank loans and overdrafts (see note 13)	1,385,546	1,411,471
Trade creditors	622,437	639,197
Other creditors	56,678	54,915
Social security & other taxes	39,781	27,614
Taxation	20,512	20,512
	<u>2,124,954</u>	<u>2,153,709</u>

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

	1997	1996
	£	£
Amounts due to group companies	<u>316,548</u>	<u>319,247</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1997	1996
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,385,546</u>	<u>1,411,471</u>

The company are currently paying interest at 2% above base on their bank overdraft.

14. SECURED DEBTS

The following secured debts are included within creditors:

	1997	1996
	£	£
Bank overdrafts	<u>1,385,546</u>	<u>1,411,471</u>

The bank, The Royal Bank of Scotland PLC hold a debenture and cross guarantees.

AINSCOUGH BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 April 1997

15. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	1997 £	1996 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
			<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	1997 £	1996 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

16. REVALUATION RESERVE

	1997 £	1996 £
Brought forward	<u>202,250</u>	<u>202,250</u>

17. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Wm Ainscough & Sons Limited, a company registered in England and Wales.

18. CONTINGENT LIABILITIES

The company has given cross guarantees covering the indebtedness of Wm Ainscough & Sons Limited to the Royal Bank of Scotland PLC.

19. TRANSACTIONS WITH DIRECTORS

During the year there were the following transactions with companies in which J J Ainscough is a director:

Name of company	Description of trade	Trading Amount £	Outstanding Amount £
SJS Tool Hire Ltd	Sales ledger inc rent	28,059	5,753
	Purchase ledger	24,667	-
I & Co Ltd	Rental income	4,072	8,282

AINSCOUGH BUILDING SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 April 1997**

20. RELATED PARTY DISCLOSURES

During the year Ainscough Metals Limited, a related company, was placed in administration.

The following transactions took place during the year with the related companies.

Name of company	Description of trade	Trading Amount £	Outstanding Amount £
Ainscough Metals Ltd	Sales ledger	31,814	Nil
	Purchase ledger	35,526	Nil
Ainscough Metals Ltd	Inter company		90,915
Wm Ainscough & Sons Ltd	Inter company		225,633

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	<u>51,704</u>	<u>60,869</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	51,704	60,869
Opening shareholders' funds	<u>176,902</u>	<u>116,033</u>
CLOSING SHAREHOLDERS' FUNDS	<u>228,606</u>	<u>176,902</u>
Equity interests	<u>228,606</u>	<u>176,902</u>