

# **Marshalls Building Products Limited**

Registered No 113882

## ***Annual Report***

Year ended 31 December 2006

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**Marshalls Building Products Limited**

**Year ended 31 December 2006**

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# **Marshalls Building Products Limited**

**Year ended 31 December 2006**

## ***Company Directory***

### **Directors**

I D Burrell  
D G Holden

### **Company Secretary**

E A Blease

### **Registered Office**

Birkby Grange  
Birkby Hall Road  
Birkby  
Huddersfield HD2 2YA

### **Bankers**

Royal Bank of Scotland plc  
1 Market Street  
Bradford BD1 1EQ

### **Auditors**

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

## **Marshalls Building Products Limited**

### ***Directors' Report***

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 December 2006

### **Principal activities**

During the year the Company has received rental income in respect of its land and buildings

### **Review of the year and future developments**

The Directors are satisfied with the progress of the business during the year and consider the state of affairs at the end of the year, and the future prospects of the Company, to be satisfactory

### **Result**

The Company has recorded a profit after taxation for the year of £192,000 (2005 £10,184,000)

### **Directors and their interests**

The names of the present Directors of the Company and those who have served during the year appear on page 2

The interests of the Directors in the share capital of Marshalls plc, the ultimate holding company, at 31 December 2006 and 1 January 2006 are disclosed in the Annual Report of Marshalls plc

### **Disclosure of Information to the 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

### **Share capital**

Details of the Company's share capital are set out in Note 11 to the Financial Statements

### **Auditors**

In accordance with Section 384 of the Companies Act 1985 a resolution reappointing KPMG Audit Plc as Auditors for the ensuing year will be proposed at the Company's Annual General Meeting

By order of the Board

E A Blease

Secretary

Huddersfield

19 October 2007

## **Marshall's Building Products Limited**

**Year ended 31 December 2006**

### **Statement of Directors' 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.

## **Marshalls Building Products Limited**

### **Independent Auditors' Report to the Members of Marshalls Building Products Limited**

We have audited the Financial Statements of Marshalls Building Products Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet 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 4.

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.

## **Marshalls Building Products Limited**

### **Independent Auditors' Report to the Members of Marshalls Building Products 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 Audit Plc**

*Chartered Accountants*

*Registered Auditor*

19 October 2007

## **Marshalls Building Products Limited**

### ***Profit and Loss Account for the year ended 31 December 2006***

	<b>Notes</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Turnover</b>		<b>33</b>	<b>55</b>
Operating costs	3	<b>(30)</b>	<b>(40)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest</b>		<b>3</b>	<b>15</b>
Dividends receivable from subsidiary undertakings		-	10,000
		<hr/>	<hr/>
Profit on ordinary activities before interest		<b>3</b>	10,015
Interest receivable and similar income	4	<b>273</b>	257
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>276</b>	10,272
Taxation on profit on ordinary activities	5	<b>(84)</b>	(88)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	12	<b>192</b>	10,184
		<hr/>	<hr/>

The Notes on pages 9 to 15 form part of these Financial Statements

There were no recognised gains or losses in the period other than the retained profit recorded above



# Marshall's Building Products Limited

## Balance Sheet as at 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible	6	311	341
Investments	7	498	5,293
		<hr/>	<hr/>
		809	5,634
<b>Current assets</b>			
Debtors	8	20	7
<b>Creditors: Amounts falling due within one year</b>	9	(86)	(89)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(66)	(82)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		743	5,552
<b>Provisions for liabilities and charges</b>	10	(32)	(33)
		<hr/>	<hr/>
<b>Net assets</b>		711	5,519
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	120	120
Share premium account	12	146	146
Revaluation reserve	12	194	194
Profit and loss account	12	251	5,059
		<hr/>	<hr/>
<b>Shareholders' funds - equity</b>		711	5,519
		<hr/>	<hr/>

The Notes on pages 9 to 15 form part of these Financial Statements

The Financial Statements were approved by the Board of Directors on 19 October 2007



I D Burrell  
Director

# Marshalls Building Products Limited

## Notes to the Financial Statements

### 1. Accounting policies

The following paragraphs summarise the main accounting policies of the Company which have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements

#### a Basis of preparation

The Financial Statements are prepared under the historical cost convention, modified by the revaluation of certain properties, and in accordance with applicable accounting standards. There is no material difference between historical cost profits and those reported in the profit and loss account.

Under FRS 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 a wholly owned subsidiary of Marshalls plc, and 100% of the Company's voting rights are controlled within the Marshalls plc Group, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

The Company is largely dependent on the continued support of the ultimate parent company, Marshalls plc. The parent company has indicated that it intends to continue provision of this support for the foreseeable future. Accordingly the Directors consider that the Financial Statements should be prepared on a going concern basis.

#### b Turnover

Turnover which is substantially within the United Kingdom, represents the invoiced value of sales less value added tax, returns and allowances.

#### c Tangible fixed assets and depreciation

Tangible fixed assets are stated at either cost or professional valuation. On adoption of FRS 15 "*Tangible Fixed Assets*", the Company followed the transitional provisions to retain the book value of land and buildings which were revalued in 1989 but not to adopt a policy of revaluation in the future.

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its estimated useful life. The rates are as follows:

Freehold land	Not depreciated
Freehold buildings	2½% to 5% per annum

#### d Investments

Fixed asset investments are stated at cost less provision for impairment where appropriate. The Directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the year.

## **Marshall's Building Products Limited**

### **Notes to the Financial Statements (continued)**

#### **e Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years

#### **f Deferred taxation**

Full provision is made for deferred taxation resulting from timing differences, other than those specifically excluded in FRS19 "*Deferred Taxation*", between profits computed for taxation purposes and profits stated in the Financial Statements to the extent that there is an obligation to pay more tax in the future as a result of those timing differences. Deferred tax assets are recognised to the extent that they are expected to be recoverable. Deferred tax assets and liabilities are not discounted.

#### **g Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

### **2 Employees**

The only employees of the Company during the current and preceding financial year were the Directors.

No remuneration was paid to any Director during the year (2005: £Nil) and the Company has not paid any pension contributions on behalf of any of the Directors. The Directors are remunerated by the ultimate parent company.

Details of Directors' remuneration, share options, long term incentive plans and Directors' pension entitlements are disclosed in the Directors' Remuneration Report section of the Marshall's plc Annual Report.

### **3. Operating costs**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Loss on disposal of fixed asset investments	-	10
Depreciation of tangible fixed assets - owned	<b>30</b>	<b>30</b>
	<hr/>	<hr/>
	<b>30</b>	<b>40</b>
	<hr/>	<hr/>

The Company's audit fee is borne by the parent company.

# Marshall's Building Products Limited

## Notes to the Financial Statements (continued)

### 4. Interest receivable

	2006 £'000	2005 £'000
Interest receivable on loans to Group companies	273	257

### 5. Taxation on profit on ordinary activities

	2006 £'000	2005 £'000
Current year		
UK Corporation tax at 30% (2004 30%)	85	89
Deferred taxation	(1)	(1)
	84	88

The tax charge on profits before taxation is different to the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	276	10,272
Profit on ordinary activities multiplied by standard rate in the UK, 30% (2005 30%)	84	3,082
Effects of		
Accelerated capital allowances	1	1
Net items not taxable	-	(2,994)
Current tax charge for the period	85	89
Effective rate of tax	30.8%	0.9%
Effective rate of tax excluding inter-company dividends	30.8%	32.7%

# Marshall's Building Products Limited

## Notes to the Financial Statements (continued)

### 6. Tangible fixed assets

	Freehold land and buildings £'000
<b>Cost or valuation</b>	
At 1 January 2006 and 31 December 2006	706
	<hr/>
<b>Accumulated depreciation</b>	
At 1 January 2006	365
Amounts provided	30
	<hr/>
<b>At 31 December 2006</b>	<b>395</b>
	<hr/>
<b>Net book value</b>	
At 31 December 2006	311
	<hr/>
At 31 December 2005	341
	<hr/>

The Company's freehold property was re-valued in March 1989 on the basis of open market value for existing use

	2006 £'000	2005 £'000
Analysis of land and buildings		
Valuation at March 1989	675	675
Cost	31	31
Accumulated depreciation	(395)	(365)
	<hr/>	<hr/>
	311	341
	<hr/>	<hr/>
Comparable amounts determined using historical cost		
Cost	620	620
Accumulated depreciation	(503)	(473)
	<hr/>	<hr/>
Net book value at 31 December 2006	117	147
	<hr/>	<hr/>

# Marshall's Building Products Limited

## Notes to the Financial Statements (continued)

### 7. Investments

	Ordinary shares in group companies £'000	Preference shares in group companies £'000	Loans £'000	Total £'000
At 1 January 2006	5	5	5,283	5,293
(Decrease)/increase in year	-	-	(4,795)	(4,795)
<b>At 31 December 2006</b>	<b>5</b>	<b>5</b>	<b>488</b>	<b>498</b>

At 31 December 2006 the Company held 5,000 ordinary shares in Marshall's Mono Limited and 5,000 preference shares in Stonemarket Limited, both of which are fellow group companies. Marshall's Mono Limited and Stonemarket Limited are incorporated in the United Kingdom and registered in England and Wales.

### 8. Debtors

	2006 £'000	2005 £'000
Other debtors	20	7

### 9. Creditors: Amounts falling due within one year

	2006 £'000	2005 £'000
Corporation tax	86	89

### 10. Provisions for liabilities and charges

	2006 £'000	2005 £'000
Deferred tax	32	33
At 1 January 2005	33	34
Credit in the year	(1)	(1)
<b>At 31 December 2005</b>	<b>32</b>	<b>33</b>
The deferred taxation provision comprises		
Accelerated capital allowances	32	33
Deferred tax liabilities have not been discounted		

# Marshall's Building Products Limited

## Notes to the Financial Statements (continued)

### 11. Share capital

	2006 £'000	2005 £'000
Authorised, allotted, called up and fully paid 120,000 (2005 120,000) ordinary shares of £1 each	120	120

### 12. Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit & loss account £'000
At 1 January 2006	146	194	5,059
Profit for the financial year	-	-	192
Equity dividends paid	-	-	(5,000)
<b>At 31 December 2006</b>	<b>146</b>	<b>194</b>	<b>251</b>

### 13. Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year	192	10,184
Equity dividends paid	(5,000)	(10,000)
<b>Net (reduction from) / additions to shareholders' funds</b>	<b>(4,808)</b>	<b>184</b>
<b>Shareholders' funds at beginning of year</b>	<b>5,519</b>	<b>5,335</b>
<b>Shareholders' funds at end of year</b>	<b>711</b>	<b>5,519</b>

### 14. Pension scheme

The Directors of the Company are entitled to participate in the Marshall's plc Pension Scheme (formerly the Marshall's Pension and Life Assurance Scheme) (the "Scheme") which has both a defined benefit and a defined contribution section. The assets of the Scheme are held in separately managed funds which are independent of the Group's finances. Full details of the Scheme are shown in the Annual Report of Marshall's plc.

**Marshalls Building Products Limited**

***Notes to the Financial Statements (continued)***

**15. Ultimate parent company**

The company regarded by the Directors as the ultimate parent company is Marshalls plc which is incorporated in the United Kingdom and registered in England and Wales. The Annual Report of Marshalls plc is available from the Registered office at Birkby Grange, Birkby Hall Road, Birkby, Huddersfield HD2 2YA.