

REPORT OF THE AUDITORS TO THE DIRECTORS OF  
MALVERN BUILDING SUPPLIES LIMITED - COMPANY NUMBER 624586  
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

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We have examined the attached abbreviated accounts together with the full financial statements of the company for the year ended 31 March 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors statement on the balance sheet and that abbreviated accounts have been prepared from the full financial statements.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Schedule 8 Part III A of that Act in respect of the year ended 31 March 1995 and the abbreviated accounts have been properly prepared from the full financial statements.

On 29 September 1995 we reported as auditors of the company to the shareholders on the full financial statements required by section 226 of the Companies Act 1985 for the year ended 31 March 1995 and our audit report was as follows.

"We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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.

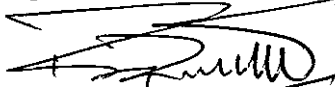
BASIS OF OPINION

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 judgements 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 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."



BOWEN DAWES WAGSTAFF AND COMPANY  
CHARTERED ACCOUNTANTS  
and Registered Auditor

26/28 SANSOME WALK  
WORCESTER WR1 1LY

29 SEPTEMBER 1995

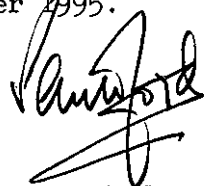


MALVERN BUILDING SUPPLIES LIMITED  
ABBREVIATED BALANCE SHEET AS AT 31 MARCH 1995

	NOTE		1994
FIXED ASSETS			
Tangible Assets	2	842,764	948,862
Investments		750	750
		<u>843,514</u>	<u>949,612</u>
CURRENT ASSETS			
Stocks		527,001	472,209
Debtors		300,790	385,537
Cash at Bank and in Hand		145	145
		<u>827,936</u>	<u>857,891</u>
CREDITORS: Amounts Falling Due Within One Year		713,393	774,152
		<u>114,543</u>	<u>83,739</u>
NET CURRENT ASSETS			
		<u>958,057</u>	<u>1,033,351</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts Falling Due After One Year			
Bank Loan	-		7,780
Hire Purchase Creditor	-		4,627
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation		16,967	18,054
		<u>16,967</u>	<u>30,461</u>
NET ASSETS		<u>£941,090</u>	<u>£1,002,890</u>
CAPITAL AND RESERVES			
Called Up Share Capital	4	500,000	500,000
Revaluation Reserve		180,297	270,768
Profit and Loss Account		260,793	232,122
		<u>£941,090</u>	<u>£1,002,890</u>
SHAREHOLDERS FUNDS			
		<u>£941,090</u>	<u>£1,002,890</u>

In preparing these abbreviated accounts the directors have taken advantage of exemptions conferred by Schedule 8 Part III A of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a small company and is entitled to make use of the special exemptions. The abbreviated accounts were approved by the board and signed on its behalf on 22 September 1995.

P A FORD  
Director



The attached notes form part of these abbreviated accounts

MALVERN BUILDING SUPPLIES LIMITED  
NOTES TO AND FORMING PART OF THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1995

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1. ACCOUNTING POLICIES

- a) The financial statements have been prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

- b) Turnover - Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.
- c) Depreciation - Provision is made for depreciation in order to write off the cost of fixed assets over their expected useful lives. The following rates have been used:-

Freehold Property	- Nil
Plant and Machinery	- 10% reducing balance
Motor Vehicles	- 25% reducing balance
Office Furniture and Equipment	- 10% reducing balance
Computer and Related Equipment	- 12.5% straight line

Depreciation is not provided on the freehold property. It is the company's policy to maintain the property in a sound state of repair and accordingly the directors consider that the life of the property is so long, and the residual value at such a level, that depreciation is immaterial.

- d) Leasing and Hire Purchase - Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental obligations is charged to the profit and loss account over the period of the lease (and represents a constant proportion of the balance outstanding).
- e) Operating Leases - Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.
- f) Stocks - As valued by the directors at the lower of cost and net realisable value.
- g) Deferred Taxation - Provision is made for Deferred Taxation at the year end on the excess of taxation allowances claimed in respect of Fixed Assets qualifying for capital allowances over related depreciation.
- h) Pension Scheme Arrangements - The company's pension scheme is externally funded. Payments made to the fund and charged annually in these financial statements are in respect of the current service contributions.

## MALVERN BUILDING SUPPLIES LIMITED

## NOTES TO AND FORMING PART OF THE ABBREVIATED ACCOUNTS - CONTINUED

## 2. TANGIBLE FIXED ASSETS

## COST

Brought Forward	1,115,956
Additions/(Revaluations)	(88,452)
Sales	(2,473)

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£1,025,031

## DEPRECIATION

Brought Forward	167,094
Charge for Year	17,504
Sales	(2,331)

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£182,267

## NET BOOK VALUES

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31 March 1995                      £842,764

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31 March 1994                      £948,862

3. The bank borrowing of £405,222 (1994 - £404,242) is secured.

## 4. SHARE CAPITAL

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1994

## Authorised:

Ordinary Shares of £1 each    1,000,000    1,000,000

Issued and Fully Paid            500,000    500,000