

Company Registration No. 746150 (England and Wales)

**THE BUILDING CENTRE GROUP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

***Saffery Champness***  
CHARTERED ACCOUNTANTS



# THE BUILDING CENTRE GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P M Rose CBE Hon. FRIBA T G Poulson Dip Arch RIBA MSIA C M F Newton P D Hyett AADIPL MPHIL PPRIBA J T Gibson C S Henderson FCMA R W Hill A Scoones
<b>Secretary</b>	C S Henderson FCMA
<b>Company number</b>	746150
<b>Registered office</b>	26 Store Street London WC1E 7BT
<b>Auditors</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>Bankers</b>	Royal Bank of Scotland plc 171 Tottenham Court Road London W1P 0DL

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# **THE BUILDING CENTRE GROUP LIMITED**

## **CONTENTS**

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	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 17

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# **THE BUILDING CENTRE GROUP LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005**

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The directors present their report and financial statements for the year ended 31 March 2005.

### **Principal activities and review of the business**

The principal activities of the company continue to be provision of a permanent exhibition of building products and the provision of information services.

The company has had a successful year of trading during a transition period involving the remodelling of the exhibition areas. The directors believe this should have a positive effect in future years.

### **Results and dividends**

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

The directors are unable to recommend the payment of a dividend.

### **Directors**

The following directors have held office since 1 April 2004:

P M Rose CBE Hon. FRIBA

T G Poulson Dip Arch RIBA MSIA

C M F Newton

P D Hyett AADIPL MPHIL PPRIBA

J T Gibson

C S Henderson FCMA

R W Hill

A Scoones

(Appointed 1 November 2004)

### **Directors' interests**

None of the directors or members of their families were interested directly or indirectly in the share capital of the company or any group company at 1 April 2004 and 31 March 2005.

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

## **THE BUILDING CENTRE GROUP LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2005**

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#### **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 judgements 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.

On behalf of the board



C S Henderson FCMA

**Director**

21 October 2005

## **THE BUILDING CENTRE GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BUILDING CENTRE GROUP LIMITED**

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We have audited the financial statements of The Building Centre Group Limited on pages 5 to 17.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

**THE BUILDING CENTRE GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE MEMBERS OF THE BUILDING CENTRE GROUP LIMITED**

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**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 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Saffery Champness

Chartered Accountants  
Registered Auditors

21 October 2005

Lion House  
Red Lion Street  
London  
WC1R 4GB

**THE BUILDING CENTRE GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 £	2004 £
<b>Turnover</b>	<b>2</b>	1,943,814	1,823,223
Cost of sales		(1,464,643)	(1,296,881)
<b>Gross profit</b>		479,171	526,342
Administrative expenses		(370,404)	(335,710)
Other operating income		21,445	21,267
<b>Operating profit</b>	<b>3</b>	130,212	211,899
Other interest receivable and similar income		3,360	3,294
Interest payable and similar charges	<b>4</b>	(33,066)	(32,860)
<b>Profit on ordinary activities before taxation</b>		100,506	182,333
Tax on profit on ordinary activities	<b>5</b>	(2,211)	(21,051)
<b>Profit on ordinary activities after taxation</b>		98,295	161,282
Charitable donations under Gift Aid	<b>6</b>	(90,000)	(103,265)
<b>Profit for the year</b>	<b>16</b>	8,295	58,017

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 17 form part of these financial statements.



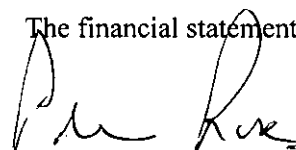
**THE BUILDING CENTRE GROUP LIMITED**


**BALANCE SHEET  
AS AT 31 MARCH 2005**

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	7	517,487		525,898	
Investments	8	50		50	
		<u>517,537</u>		<u>525,948</u>	
<b>Current assets</b>					
Stocks	9	20,134		24,045	
Debtors	10	1,021,173		1,074,141	
Cash at bank and in hand		45,219		99,470	
		<u>1,086,526</u>		<u>1,197,656</u>	
<b>Creditors: amounts falling due within one year</b>	11	(939,927)		(1,039,974)	
<b>Net current assets</b>		<u>146,599</u>		<u>157,682</u>	
<b>Total assets less current liabilities</b>		<u>664,136</u>		<u>683,630</u>	
<b>Creditors: amounts falling due after more than one year</b>	12	(470,000)		(500,000)	
<b>Provisions for liabilities and charges</b>	13	(6,020)		(3,809)	
		<u>188,116</u>		<u>179,821</u>	
<b>Capital and reserves</b>					
Called up share capital	15	500,000		500,000	
Profit and loss account	16	(311,884)		(320,179)	
<b>Shareholders' funds - equity interests</b>	17	<u>188,116</u>		<u>179,821</u>	

The notes on pages 7 to 17 form part of these financial statements.

The financial statements were approved by the Board on 21 October 2005

  
P M Rose CBE Hon. FRIBA  
Director

  
C S Henderson FCMA  
Director

## **THE BUILDING CENTRE GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005**

#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention. The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985, entitling it not to prepare group accounts consolidating its own results and its subsidiary undertaking.

##### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10% - 29% Straight line basis.
Fixtures, fittings & Equipment:	
Assets purchased for exhibition purposes:	10% Straight line basis
For all other fixtures, fittings and equipment:	15% - 20% Straight line basis

##### **1.4 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

##### **1.5 Stock**

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

##### **1.6 Pensions**

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

## THE BUILDING CENTRE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

#### 1 Accounting policies

(continued)

##### 1.7 Deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2 Turnover

The total turnover of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

3	Operating profit	2005 £	2004 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	135,851	153,208
	Auditors' remuneration	9,500	9,500
		<u>          </u>	<u>          </u>
4	Interest payable	2005 £	2004 £
	On other loans wholly repayable within five years	566	360
	On loans repayable after five years	32,500	32,500
		<u>          </u>	<u>          </u>
		33,066	32,860
		<u>          </u>	<u>          </u>

**THE BUILDING CENTRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2005**

<b>5 Taxation</b>	<b>2005 £</b>	<b>2004 £</b>
<b>Current tax charge</b>	-	-
<b>Deferred tax</b>		
Deferred tax charge	2,211	21,051
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	100,506	182,333
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	19,096	34,643
Effects of:		
Non deductible expenses	960	1,206
Depreciation add back	25,812	29,110
Capital allowances	(23,015)	(15,682)
Tax losses utilised	-	5,819
Charitable donations under Gift Aid	(17,100)	(19,620)
Timing difference on allowable expenses	-	(35,476)
Group relief	(5,753)	-
	(19,096)	(34,643)
<b>Current tax charge</b>	-	-
<b>6 Charitable donations</b>	<b>2005 £</b>	<b>2004 £</b>
Gift aid charitable donations	90,000	103,265

During the year, the company made charitable donations under Gift Aid to its ultimate parent undertaking, The Building Centre Trust, totalling £90,000 (2004: £103,265).

**THE BUILDING CENTRE GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2005****7 Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2004	1,184,552	424,675	1,609,227
Additions	108,881	18,559	127,440
Disposals	(40,492)	(275,273)	(315,765)
	<u>1,252,941</u>	<u>167,961</u>	<u>1,420,902</u>
At 31 March 2005			
<b>Depreciation</b>			
At 1 April 2004	708,286	375,043	1,083,329
On disposals	(40,492)	(275,273)	(315,765)
Charge for the year	113,235	22,616	135,851
	<u>781,029</u>	<u>122,386</u>	<u>903,415</u>
At 31 March 2005			
<b>Net book value</b>			
At 31 March 2005	<u>471,912</u>	<u>45,575</u>	<u>517,487</u>
At 31 March 2004	<u>476,266</u>	<u>49,632</u>	<u>525,898</u>

# THE BUILDING CENTRE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

### 8 Fixed asset investments

	Shares in group undertakings
	£
<b>Cost</b>	
At 1 April 2004 & at 31 March 2005	<u>50</u>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertaking</b>			
The Building Centre Bookshop Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Principal activity	Capital and reserves	Profit/(loss) for the year
The Building Centre Bookshop Limited	Retailing of technical books	<u>(£200,023)</u>	<u>(£46,872)</u>

### 9 Stocks

	2005 £	2004 £
Finished goods and goods for resale	<u>20,134</u>	<u>24,045</u>

# THE BUILDING CENTRE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

10 Debtors	2005 £	2004 £
Trade debtors	397,892	365,857
Amounts owed by parent undertaking	164,680	184,936
Amounts owed by subsidiary undertaking	327,886	295,515
Other debtors	6,651	7,817
Prepayments and accrued income	124,064	220,016
	<u>1,021,173</u>	<u>1,074,141</u>

Amounts due from the subsidiary undertaking comprises a balance of £327,886 (2004: £295,515) due from The Building Centre Bookshop Limited, repayable on demand. Repayment will not be demanded except to the extent that The Building Centre Bookshop Limited has funds available in excess of those it requires to repay all of its other creditors.

11 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	57,432	-
Trade creditors	162,309	256,633
Taxes and social security costs	75,559	63,547
Other creditors	151,542	191,927
Accruals and deferred income	493,085	527,867
	<u>939,927</u>	<u>1,039,974</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

12 Creditors: amounts falling due after more than one year	2005 £	2004 £
Unsecured loan stock	<u>470,000</u>	<u>500,000</u>

The £470,000 6.5% unsecured loan stock is repayable at par on 31 March 2014 and interest is payable biannually. All loan stock is held by the company's parent undertaking, The Building Centre Trust.

**THE BUILDING CENTRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2005**

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**13 Provisions for liabilities and charges**

	<b>Deferred taxation £</b>
Balance at 1 April 2004	3,809
Profit and loss account	2,211
	<hr/>
Balance at 31 March 2005	6,020
	<hr/>



# THE BUILDING CENTRE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

### 14 Pension costs

#### Defined benefit

The company operates a defined benefit pension scheme on behalf of the employees of the company, its subsidiary and its parent undertaking. A full actuarial valuation was carried out at 6 April 2004. The information, set out below, has been provided by the company's advisors, in accordance with Financial Reporting Standard 17 - Retirement benefits for the year ended 31 March 2005.

	2005 £	2004 £
Contributions payable by the group for the year	85,911	80,593

	2005 %	2004 %
<b>The main financial assumptions are as follows:</b>		
Rate of increase in salaries	4.00	4.00
Rate of increase in pensions in payment	2.75	2.80
Discount rate	5.31	5.40
Inflation assumption	2.75	2.80

#### The long term expected rates of return are as follows:

Insurance policy investment	6.00	6.00
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	2005 £	2004 £
<b>The assets in the scheme are as follows:</b>		
Insurance policy investment	2,025,000	1,927,000
Present value of scheme liabilities	(2,337,000)	(2,249,000)
Deficit in scheme	(312,000)	(322,000)
Related deferred tax asset	59,280	61,180
Net pension liability	(252,720)	(260,820)

Deferred tax has been provided assuming that tax will be charged in the future at the small companies rate of 19%.

**THE BUILDING CENTRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2005**

**14 Pension costs**

**(continued)**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Movement in deficit during the year</b>		
Deficit in scheme at 1 April 2004	(322,000)	(348,000)
Current service charge	(68,000)	(62,000)
Expected return on assets	110,000	102,000
Interest cost	(122,000)	(115,000)
Gain/(loss) on settlements/curtailments	20,000	(11,000)
Experience gains/(losses)	25,000	(8,000)
Actual return on assets	45,000	40,000
Revised assumption (losses)/gains	(71,000)	7,000
Employer's contributions	71,000	73,000
	<u>(312,000)</u>	<u>(322,000)</u>

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>History of experience gains and losses:</b>		
Difference between the expected and actual return on scheme assets	45,000	40,000
Experience gains and losses on scheme liabilities	25,000	(8,000)
Total amount to be recognised in the statement of total recognised gains and losses following full implementation of FRS 17	(252,720)	(260,820)

**15 Share capital**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<b>Allotted, called up and fully paid</b>		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**THE BUILDING CENTRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2005**

**16 Statement of movements on profit and loss account**

	<b>Profit and loss account £</b>
Balance at 1 April 2004	(320,179)
Retained profit for the year	8,295
	<u>          </u>
Balance at 31 March 2005	<u>(311,884)</u>

**17 Reconciliation of movements in shareholders' funds**

	<b>2005 £</b>	<b>2004 £</b>
Profit for the financial year	8,295	58,017
Opening shareholders' funds	179,821	121,804
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>188,116</u>	<u>179,821</u>

**18 Directors' emoluments**

	<b>2005 £</b>	<b>2004 £</b>
Emoluments for qualifying services	<u>184,712</u>	<u>158,128</u>

Three (2004 : two) directors were accruing benefits under the company's defined benefit scheme at 31 March.

## THE BUILDING CENTRE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

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#### 19 Employees

##### Number of employees

The average monthly number of employees (including executive directors) during the year was:

	2005 Number	2004 Number
Office and management	8	7
Selling	4	4
Information	10	11
Maintenance	3	3
	<u>25</u>	<u>25</u>

##### Employment costs

	£	£
Wages and salaries	630,045	623,807
Social security costs	53,365	51,819
Other pension costs	66,685	62,585
	<u>750,095</u>	<u>738,211</u>

#### 20 Control

The company is a wholly owned subsidiary of its ultimate controlling party, the Building Centre Trust, a registered charity. The consolidated financial statements of the Trust incorporating its subsidiary companies are publicly available, on request, from the Clerk to the Governors at the company's registered office.