

C. & W. BERRY LIMITED
REPORTS
AND
FINANCIAL STATEMENTS
YEAR ENDED 31ST OCTOBER 1996



CHARTERED ACCOUNTANTS

5 RIBBLESDALE PLACE,
PRESTON
PR1 8BZ.



C. & W. BERRY LIMITED
OFFICERS AND ADVISORS

DIRECTORS

Walter Berry
Colin Berry
Alan Wright
David John Berry
Peter Jones
Graham Charnley Parker

SECRETARY

Susan Louise Taylor Berry

AUDITORS

Whitehead & Aldrich,
Chartered Accountants,
5, Ribblesdale Place,
Preston.
PR1 8BZ

BANKERS

The Royal Bank of Scotland plc.,
165, Towngate,
Leyland.
PR5 1TE

REGISTERED OFFICE

Wellfield Sawmills,
King Street,
Leyland.
PR5 1LE

REGISTERED NUMBER

1464224 (England and Wales)

C. & W. BERRY LIMITED**REPORT OF THE DIRECTORS**

The directors present their annual report and the audited financial statements of the company for the year ended 31st October 1996.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of timber, builders' and plumbers' merchants.

RESULTS FOR THE YEAR

The profit and loss account on page 4 shows the results for the year. The directors do not recommend the payment of a dividend. The profit for the financial year amounts to £261,696.

BUSINESS REVIEW

The directors view the year ending 31st October 1997 with cautious optimism.

FIXED ASSETS

The changes which have taken place during the year are shown on page 9 of the financial statements.

DIRECTORS

The directors during the year and their interests (including wife's holding) in the share capital of the company were as follows:

	ORDINARY SHARES OF £1 EACH	
	At the end of the year	At the beginning of the year
W. Berry	1,560	1,560
C. Berry	1,560	1,560
A. Wright	50	50
D.J. Berry	840	840
P. Jones	-	-
G.C. Parker	-	-

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 year. 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 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

A resolution to re-appoint the auditors, Whitehead & Aldrich, will be proposed at the annual general meeting.

Signed on behalf of the board of directors

W. BERRY
Director

Approved by the board: 5th February 1997

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF C. & W. BERRY LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 31st October 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Whitehead & Aldrich

WHITEHEAD & ALDRICH
Chartered Accountants
and Registered Auditors,
Preston.

5th February 1997

C. & W. BERRY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 1996

	NOTES	1 9 9 6		1 9 9 5	
		£	£	£	£
TURNOVER	2		15,657,778		15,323,292
Other operating income			<u>6,656</u>		<u>7,088</u>
			15,664,434		15,330,380
Goods for re-sale			<u>12,034,201</u>		<u>11,834,480</u>
			3,630,233		3,495,900
Staff costs	3	2,420,026		2,320,094	
Depreciation	4	79,988		87,534	
Other operating charges		<u>679,438</u>	<u>3,179,452</u>	<u>625,676</u>	<u>3,033,304</u>
OPERATING PROFIT	5		450,781		462,596
Interest payable	7		<u>85,208</u>		<u>125,584</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			365,573		337,012
Taxation	8		<u>103,877</u>		<u>89,522</u>
PROFIT FOR THE FINANCIAL YEAR			261,696		247,490
Retained profit brought forward			<u>2,410,058</u>		<u>2,162,568</u>
RETAINED PROFIT CARRIED FORWARD			<u>2,671,754</u>		<u>2,410,058</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the above two financial years.

C. & W. BERRY LIMITED
BALANCE SHEET
AS AT 31ST OCTOBER 1996

	NOTES	1 9 9 6		1 9 9 5	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9	1,903,244		1,837,951	
Investments	10	<u>6,814</u>	1,910,058	<u>—</u>	1,837,951
CURRENT ASSETS					
Stocks		1,750,138		1,950,459	
Debtors	11	2,520,749		2,177,840	
Cash		<u>2,536</u>		<u>2,168</u>	
		4,273,423		4,130,467	
CREDITORS: amounts falling due within one year	12	<u>2,833,887</u>		<u>2,573,045</u>	
NET CURRENT ASSETS			<u>1,439,536</u>		<u>1,557,422</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,349,594		3,395,373
CREDITORS: amounts falling due after more than one year	13	670,040		963,115	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	15	<u>2,800</u>	<u>672,840</u>	<u>17,200</u>	<u>980,315</u>
NET ASSETS			<u>2,676,754</u>		<u>2,415,058</u>
CAPITAL AND RESERVES					
Called up share capital	16		4,900		4,900
Capital redemption reserve			100		100
Profit and loss account			<u>2,671,754</u>		<u>2,410,058</u>
SHAREHOLDERS' FUNDS	17		<u>2,676,754</u>		<u>2,415,058</u>

Signed on behalf of the board of directors



D. J. BERRY
 Director

Approved by the board: 5th February 1997

C. & W. BERRY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 1996

	NOTES	1 9 9 6 £	£	1 9 9 5 £	£
Net cash inflow from operating activities	18a		713,693		1,825,895
Returns on investments and servicing of finance					
Interest paid		(57,589)		(130,194)	
Net cash outflow from returns on investments and servicing of finance			(57,589)		(130,194)
Taxation					
Corporation tax paid			(90,377)		(69,822)
Investing activities					
Payments to acquire tangible fixed assets		(145,281)		(837,266)	
Payments to acquire investments		(6,814)		-	
Receipts from sale of tangible fixed assets		-		2,723	
Net cash outflow from investing activities			(152,095)		(834,543)
Net cash inflow before financing			413,632		791,336
Financing					
Repayment of long term bank loan		(404,840)		(36,468)	
Net cash outflow from financing			(404,840)		(36,468)
Increase in cash and cash equivalents	18c		8,792		754,868

C. & W. BERRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Turnover

Turnover represents the invoiced amount of goods sold and services provided, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off assets over their estimated useful lives:

Freehold buildings – expenditure since 1st November 1982	– 2% on cost
Motor vehicles	– 25% on written down value
Plant and equipment	– computer equipment – 20% on cost
	– other – 20% on written down value

No depreciation is provided on freehold land.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in bringing stocks to their present location and condition, including attributable overheads.

Deferred taxation

Deferred taxation is provided on the liability method except where there is reasonable probability that no liability will arise in the foreseeable future.

Operating leases

Rentals under operating leases are charged to profit and loss account as they fall due.

2. TURNOVER

There was no turnover attributable to geographical markets outside the United Kingdom during the two financial years.

3. STAFF COSTS

	1 9 9 6	1 9 9 5
	£	£
Wages and salaries	2,169,686	2,071,607
Social security costs	210,490	200,275
Other pension costs	39,850	48,212
	<u>2,420,026</u>	<u>2,320,094</u>

C. & W. BERRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1996

3. STAFF COSTS (continued)

	1996 Number	1995 Number
Average number of persons employed	<u>168</u>	<u>163</u>

The above number of employees has not been analysed into categories because, in the directors' opinion, this would not be practicable because of the nature and variety of work performed by individual employees.

4. DEPRECIATION

	1996 £	1995 £
On owned assets	<u>79,988</u>	<u>87,534</u>

5. OPERATING PROFIT

This is stated after charging:

	1996 £	1995 £
Directors' emoluments	160,447	159,978
Auditors' remuneration	7,650	10,900
Operating lease charges	8,000	8,000

6. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Management remuneration	141,617	143,978
Pension scheme contributions	<u>18,830</u>	<u>16,000</u>
	<u>160,447</u>	<u>159,978</u>

The management remuneration includes amounts paid to:

Chairman	<u>20,487</u>	<u>18,363</u>
Highest paid director	<u>26,905</u>	<u>25,936</u>

	Number	Number
Other directors:		
£15,001 – £20,000	1	–
£20,001 – £25,000	1	1
£25,001 – £30,000	2	3

7. INTEREST PAYABLE

	1996 £	1995 £
On bank overdrafts	36,215	86,714
On loans repayable wholly within five years	15,546	916
On loans repayable in part after more than five years	<u>33,447</u>	<u>37,954</u>
	<u>85,208</u>	<u>125,584</u>

C. & W. BERRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1996

8. TAXATION

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 27.5% (1995 - 26.1%)	115,500	87,600
Deferred taxation	<u>(14,400)</u>	<u>2,000</u>
	101,100	89,600
Prior year adjustment	<u>2,777</u>	<u>(78)</u>
	<u>103,877</u>	<u>89,522</u>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost:				
At 1st November 1995	1,969,787	355,037	694,559	3,019,383
Additions	<u>54,050</u>	<u>17,375</u>	<u>73,856</u>	<u>145,281</u>
At 31st October 1996	<u>2,023,837</u>	<u>372,412</u>	<u>768,415</u>	<u>3,164,664</u>
Depreciation:				
At 1st November 1995	400,777	242,765	537,890	1,181,432
Charged in year	<u>13,386</u>	<u>30,602</u>	<u>36,000</u>	<u>79,988</u>
At 31st October 1996	<u>414,163</u>	<u>273,367</u>	<u>573,890</u>	<u>1,261,420</u>
Net book value:				
At 31st October 1996	<u>1,609,674</u>	<u>99,045</u>	<u>194,525</u>	<u>1,903,244</u>
At 1st November 1995	<u>1,569,010</u>	<u>112,272</u>	<u>156,669</u>	<u>1,837,951</u>

Freehold land and buildings includes land amounting to £1,351,295 (1995 - £1,312,415) which is not depreciated.

10. INVESTMENTS

	£
Cost	
At 1st November 1995	-
Additions	<u>6,814</u>
At 31st October 1996	<u>6,814</u>

11. DEBTORS

	1996 £	1995 £
Trade debtors	2,463,699	2,117,062
Prepayments	53,775	55,778
Other debtors	<u>3,275</u>	<u>5,000</u>
	<u>2,520,749</u>	<u>2,177,840</u>

C. & W. BERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1996

12. CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Bank overdrafts (secured per note 14)	598,003	606,427
Bank loan (secured per note 14)	-	41,725
Trade creditors	1,461,404	1,116,263
Corporation tax	115,500	87,600
Other taxes and social security	282,430	317,724
Directors' current and loan accounts	184,810	295,015
Accruals	178,900	108,291
Other creditors	12,840	-
	<u>2,833,887</u>	<u>2,573,045</u>

13. CREDITORS: amounts falling due after more than one year

	1996	1995
	£	£
Bank loan (secured per note 14) repayable:		
Between one and five years	-	204,149
After five years	-	<u>158,966</u>
	-	363,115
Directors' loan repayable:		
Between one and five years	79,385	600,000
After five years	303,495	-
Other creditors repayable:		
Between one and five years	59,539	-
After five years	<u>227,621</u>	-
	<u>670,040</u>	<u>963,115</u>

The above directors loans and other creditors are all repayable in annual instalments. Interest on the above is payable at a rate equivalent to a banks savings account rate. Repayments are being made at a level whereby the whole of the loans will have been repaid by 2010.

The above loan with a director as at 31st October 1996 relates entirely to D.J. Berry and the interest accrued for the year ended 31st October 1996 on the loans amounted to £18,600.

The balance outstanding as at 31st October 1996 amounted to:

	£
Falling due within one year	17,120
Falling due after one year	<u>382,880</u>
	<u>400,000</u>

14. BANK BORROWINGS

The bank overdrafts are secured by charges on certain of the company's assets.

15. DEFERRED TAXATION

Deferred taxation provided in the financial statements and the full potential liability are as follows:

	1996	1995
	£	£
Accelerated capital allowances	18,400	16,200
Short term timing difference	<u>(15,600)</u>	<u>1,000</u>
	<u>2,800</u>	<u>17,200</u>

C. & W. BERRY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1996

16. SHARE CAPITAL

	1996 £	1995 £
Authorised: 200,000 ordinary shares of £1 each	200,000	200,000
Allotted and fully paid: 4,900 ordinary shares of £1 each	4,900	4,900

17. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	261,696	247,490
Opening shareholders' funds	2,415,058	2,167,568
Closing shareholders' funds	2,676,754	2,415,058

18. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities:

	1996 £	1995 £
Operating profit	450,781	462,596
Depreciation charges	79,988	87,534
Decrease in stocks	200,321	713,283
(Increase)/decrease in debtors	(342,909)	112,248
Increase in creditors	325,512	450,234
	713,693	1,825,895

b) Analysis of changes in cash and cash equivalents during the year:

	1996 £	1995 £
Balance at 1st November 1995	(604,259)	(1,359,127)
Net cash inflow	8,792	754,868
Balance at 31st October 1996	(595,467)	(604,259)

c) Analysis of the balances of cash and cash equivalents as reflected in the balance sheet

	Change in year £	1996 £	1995 £
Cash at bank and in hand	368	2,536	2,168
Bank overdrafts	8,424	(598,003)	(606,427)
	8,792	(595,467)	(604,259)

d) Analysis of changes in financing during the year

	Bank loan £
Balance at 1st November 1995	404,840
Cash outflow from financing	(404,840)
Balance at 31st October 1996	-