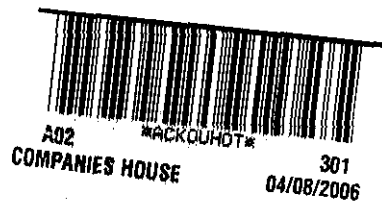


William Williams (Bridgnorth) Limited

Report and Financial Statements

31 December 2005



William Williams (Bridgnorth) Limited

Registered No: 2097035

Directors

C J Folkes
R W Stokes
P M Turner
C Griffin
A L Folkes
C F Banks

Secretary

P M Turner

Auditors

Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Registered office

Forge House
Dudley Road
Lye
Stourbridge
West Midlands
DY9 8EL

Directors' report

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

Results and dividends

The profit for the year, after taxation, amounted to £48,805. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was that of builders' merchants.

The company continues to operate satisfactorily. This performance is expected to continue into 2006.

Directors

The directors who served the company during the year were as follows:

C J Folkes
R W Stokes
C S Griffin
A L Folkes
C F Banks
P M Turner

The interests of C J Folkes and A L Folkes in the shares of Folkes Holdings Limited are shown in the Directors' report of that company.

Auditors

A resolution to reappoint Ernst & Young LLP will be put to the members at the Annual General Meeting.

By order of the board



P M Turner
Secretary

19 May 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 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 accounting standards have been followed, 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent auditors' report

to the members of William Williams (Bridgnorth) Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. 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 auditors' 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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 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 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.

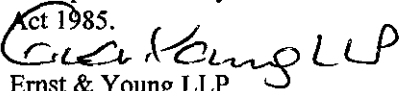
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered auditor
Birmingham

19 May 2006

Profit and loss account for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	1,080,556	1,075,652
Cost of sales		(679,456)	(668,367)
Gross profit		401,100	407,285
Distribution costs		(30,696)	(17,511)
Administrative expenses		(338,110)	(325,765)
Operating profit	3	32,294	64,009
Interest receivable and similar income	6	35,198	25,524
Profit on ordinary activities before taxation		67,492	89,533
Tax on profit on ordinary activities	7	(18,687)	(29,662)
Profit for the financial year transferred to reserves		48,805	59,871

Statement of total recognised gains and losses for the year ended 31 December 2005

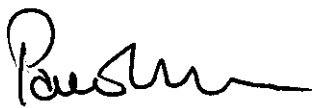
There are no recognised gains or losses other than the profit of £48,805 attributable to the shareholders for the year ended 31 December 2005 (2004: £59,871)

Note of historical cost profits and losses for the year ended 31 December 2005

	2005 £	2004 £
Profit on ordinary activities before taxation	67,492	89,533
Realisation of property revaluation gains of previous years	6,200	6,200
Historical cost profit on ordinary activities before taxation	73,692	95,733
Historical cost profit for the year after taxation and dividends	55,005	66,071

Balance sheet
at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	8	762,968	783,473
Investment		750	750
		<u>763,718</u>	<u>784,223</u>
Current assets			
Stocks	9	193,936	180,609
Debtors	10	125,704	123,824
Cash at bank		663,659	550,079
		<u>983,299</u>	<u>854,512</u>
Creditors: amounts falling due within one year	11	435,757	375,862
		<u>547,542</u>	<u>478,650</u>
Net current assets			
		<u>1,311,260</u>	<u>1,262,873</u>
Total assets less current liabilities			
		<u>1,311,260</u>	<u>1,262,873</u>
Provisions for liabilities and charges			
Deferred taxation	7(c)	-	418
		<u>1,311,260</u>	<u>1,262,455</u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Revaluation reserve	14	543,017	549,217
Profit and loss account	14	758,243	703,238
		<u>1,311,260</u>	<u>1,262,455</u>
Equity shareholders' funds	14		
		<u>1,311,260</u>	<u>1,262,455</u>



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P M Turner
Director

19 May 2006

Notes to the financial statements

at 31 December 2005

1. Accounting policies

Basis of Preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of Folkes Holdings Limited, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Folkes Holdings group of companies.

Fixed assets

All fixed assets are initially recorded at cost. In accordance with FRS 15 the company will continue to revalue its freehold land and buildings on a regular basis.

Surpluses arising from the revaluation of assets are taken directly to the revaluation reserve except to the extent that they are reversals of losses previously recognised in the profit and loss account, in which case they are credited to the profit and loss account. Deficits are taken initially to the revaluation reserve until the carrying value of the assets equals its depreciated historical cost, and then to the profit and loss account.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Freehold buildings	- 50 years
Fixtures and fittings	- 2 to 6 years
Motor vehicles	- 4 years
Plant and machinery	- 4 to 6 years

Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. All turnover arises in the United Kingdom.

3. Operating profit

This is stated after charging/(crediting) :

	2005	2004
	£	£
Auditors' remuneration - audit services	2,750	2,750
Depreciation of owned fixed assets	20,505	21,157
Profit on disposal of fixed assets	-	(2,128)

4. Staff costs

	2005	2004
	£	£
Wages and salaries	202,879	193,253
Social security costs	18,127	16,780
	221,006	210,033

Notes to the financial statements

at 31 December 2005

4. Staff costs (continued)

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

	2005 No.	2004 No.
Production staff	5	5
Distribution staff	2	2
Administrative staff	5	4
	<u>12</u>	<u>11</u>

5. Directors' emoluments

	2005 £	2004 £
Emoluments	<u>61,521</u>	<u>60,764</u>

6. Interest receivable and similar income

	2005 £	2004 £
Bank interest	<u>35,198</u>	<u>25,524</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	20,755	29,244
Tax over provided in previous years	(610)	-
Total current tax (note 7 (b))	<u>20,145</u>	<u>29,244</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<u>(1,458)</u>	<u>418</u>
Tax on profit on ordinary activities	<u>18,687</u>	<u>29,662</u>

Notes to the financial statements at 31 December 2005

7. Tax (continued)

(b) Factors affecting current tax charge

The current taxation charge for the year is reconciled below:

	2005 £	2004 £
Profit on ordinary activities before taxation	67,492	89,533
Profit on ordinary activities at the standard rate of tax of 30%	20,248	26,860
Expenses not allowable and non-taxable income	2,029	371
Timing differences relating to fixed assets	615	3,341
Marginal rate relief	(2,137)	(1,328)
Over provision in prior year	(610)	-
Total current tax (note 7(a))	20,145	29,244

(c) Deferred tax

Deferred taxation provided is as follows:

	2005 £	2004 £
Capital allowances in advance of depreciation	-	418

The unprovided deferred tax liability in respect of the surplus on revaluation of property is £82,300 (2004 - £83,500).

8. Tangible fixed assets

	Freehold property £	Fixtures, fittings, motor vehicles, plant and machinery £	Total £
Cost or valuation:			
At 1 January 2005 and 31 December 2005	765,000	128,132	893,132
Depreciation:			
At 1 January 2005	10,400	99,259	109,659
Provided during the year	10,400	10,105	20,505
At 31 December 2005	20,800	109,364	130,164
Net book value:			
At 31 December 2005	744,200	18,768	762,968
At 1 January 2005	754,600	28,873	783,473

Notes to the financial statements

at 31 December 2005

8. Tangible fixed assets (continued)

The amount of land included in land and buildings is £245,000 (2004 - £245,000).

The net book value of freehold land and buildings on a historical cost basis would be £201,183 (2004 - £205,383)

9. Stocks

	2005 £	2004 £
Goods for resale	193,936	180,609

10. Debtors

	2005 £	2004 £
Trade debtors	109,468	108,290
Other debtors	15,196	15,534
Deferred tax asset	1,040	-
	<u>125,704</u>	<u>123,824</u>

The deferred tax asset is in respect of decelerated capital allowances

11. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	104,059	97,399
Amounts owed to group undertakings	281,268	212,120
Corporation tax	6,342	29,276
Other taxation and social security	13,511	9,727
Accruals and deferred income	30,577	27,340
	<u>435,757</u>	<u>375,862</u>

12. Contingent liability

The Company is party to an unlimited guarantee to secure balances due to bankers by certain members of the group headed by Folkes Holdings Limited. At 31 December 2005 the secured bank borrowings were £41,065,000 (2004: £30,107,000).

Notes to the financial statements

at 31 December 2005

13. Share capital

	<i>Authorised, allotted, called up and fully paid</i>			
	<i>2005</i>		<i>2004</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	10,000	<u>10,000</u>	10,000	<u>10,000</u>

14. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Revaluation</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>reserve</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2004	10,000	555,417	637,167	1,202,584
Profit for the year	—	—	59,871	59,871
Depreciation transfer	—	(6,200)	6,200	—
At 31 December 2004	<u>10,000</u>	<u>549,217</u>	<u>703,238</u>	<u>1,262,455</u>
Profit for the year	—	—	48,805	48,805
Depreciation transfer	—	(6,200)	6,200	—
At 31 December 2005	<u>10,000</u>	<u>543,017</u>	<u>758,243</u>	<u>1,311,260</u>

15. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Nevinshield Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is Folkes Holdings Limited, a company registered in England and Wales. Folkes Holdings Limited is the parent company of the only group of which the company is a member and for which group financial statements are drawn up. Consolidated financial statements of the group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate controlling party is Mr CJ Folkes who has a beneficial interest in 84% of the issued share capital of Folkes Holdings Limited.