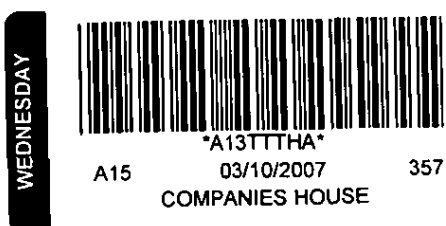


# **William Williams (Bridgnorth) Limited**

## **Report and Financial Statements**

31 December 2006



# William Williams (Bridgnorth) Limited

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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 2006

### Results and dividends

The profit for the year, after taxation, amounted to £49,737. 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 2007.

### 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.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Have made enquiries of fellow directors and the company's auditor, the directors have taken all steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### 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

6 July 2007

## **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 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 United Kingdom Generally Accepted Accounting Practice. 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 those 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 2006 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).

In addition 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.

We also 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implication for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

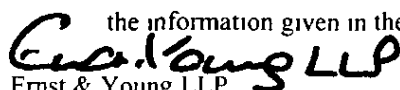
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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.

  
Ernst & Young LLP  
Registered auditor  
Birmingham  
6 July 2007

## Profit and loss account for the year ended 31 December 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	2	1,123,136	1,080,556
Cost of sales		(700,803)	(679,456)
<b>Gross profit</b>		422,333	401,100
Distribution costs		(29,284)	(30,696)
Administrative expenses		(364,983)	(338,110)
<b>Operating profit</b>	3	28,066	32,294
Interest receivable and similar income	6	41,978	35,198
<b>Profit on ordinary activities before taxation</b>		70,044	67,492
Tax on profit on ordinary activities	7	(20,307)	(18,687)
<b>Profit for the financial year transferred to reserves</b>		49,737	48,805

## Statement of total recognised gains and losses for the year ended 31 December 2006

There are no recognised gains or losses other than the profit of £49,737 attributable to the shareholders for the year ended 31 December 2006 (2005: £48,805)

## Note of historical cost profits and losses for the year ended 31 December 2006

	2006 £	2005 £
Profit on ordinary activities before taxation	70,044	67,492
Realisation of property revaluation gains of previous years	6,200	6,200
Historical cost profit on ordinary activities before taxation	76,244	73,692
Historical cost profit for the year after taxation and dividends	55,937	55,005

## Balance sheet

at 31 December 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	8	760,229	762,968
Investment		750	750
		<u>760,979</u>	<u>763,718</u>
<b>Current assets</b>			
Stocks	9	210,387	193,936
Debtors	10	123,619	125,704
Cash at bank		768,513	663,659
		<u>1,102,519</u>	<u>983,299</u>
<b>Creditors</b> amounts falling due within one year	11	502,501	435,757
		<u>600,018</u>	<u>547,542</u>
<b>Net current assets</b>			
		<u>600,018</u>	<u>547,542</u>
<b>Total assets less current liabilities</b>		<u>1,360,997</u>	<u>1,311,260</u>
<b>Capital and reserves</b>			
Called up share capital	13	10,000	10,000
Revaluation reserve	14	536,817	543,017
Profit and loss account	14	814,180	758,243
		<u>1,360,997</u>	<u>1,311,260</u>
<b>Equity shareholders' funds</b>	14	<u>1,360,997</u>	<u>1,311,260</u>



P M Turner  
Director

6 July 2007

## Notes to the financial statements

at 31 December 2006

### 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 2006

### 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)

	2006	2005
	£	£
Auditors' remuneration - audit services	2,750	2,750
Depreciation of owned fixed assets	19,461	20,505
Profit on disposal of fixed assets	(800)	-

### 4 Staff costs

	2006	2005
	£	£
Wages and salaries	208,617	202,879
Social security costs	19,304	18,127
	227,921	221,006

## Notes to the financial statements

at 31 December 2006

### 4. Staff costs (continued)

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

	2006 No	2005 No
Production staff	5	5
Distribution staff	2	2
Administrative staff	4	5
	<u>11</u>	<u>12</u>

### 5. Directors' emoluments

	2006 £	2005 £
Emoluments	<u>65,155</u>	<u>61,521</u>

### 6. Interest receivable and similar income

	2006 £	2005 £
Bank interest	<u>41 978</u>	<u>35 198</u>

### 7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2006 £	2005 £
<i>Current tax</i>		
UK corporation tax	19,213	20,755
Tax under/(over) provided in previous years	<u>367</u>	<u>(610)</u>
Total current tax (note 7 (b))	19,580	20,145
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>727</u>	<u>(1,458)</u>
Tax on profit on ordinary activities	<u>20,307</u>	<u>18,687</u>

## Notes to the financial statements

at 31 December 2006

### 7. Tax (continued)

(b) Factors affecting current tax charge

The current taxation charge for the year is reconciled below

	2006 £	2005 £
Profit on ordinary activities before taxation	70,044	67,492
Profit on ordinary activities at the standard rate of tax of 30%	21,013	20,248
Expenses not allowable and non-taxable income	3,196	2,029
Timing differences relating to fixed assets	(1,090)	615
Capital allowances in excess of depreciation	(239)	-
Marginal rate relief	(3,667)	(2,137)
Under/(over) provision in prior year	367	(610)
Total current tax (note 7(a))	19,580	20,145

(c) Deferred tax

Details of the deferred tax asset are set out in note 10

### 8. Tangible fixed assets

	Freehold property £	Fixtures, fittings, motor vehicles, plant and machinery £	Total £
Cost or valuation			
At 1 January 2006	765,000	128,132	893,132
Additions	-	16,722	16,722
Disposals	-	(16,800)	(16,800)
At 31 December 2006	765,000	128,054	893,054
Depreciation			
At 1 January 2006	20,800	109,364	30,164
Provided during the year	10,400	9,061	19,461
Disposals	-	(16,800)	(16,800)
At 31 December 2006	31,200	101,625	132,825
Net book value			
At 31 December 2006	733,800	26,429	60,229
At 1 January 2006	744,200	18,768	762,968

## Notes to the financial statements

at 31 December 2006

### 8. Tangible fixed assets (continued)

The amount of land included in land and buildings is £245,000 (2005 - £245 000)

The net book value of freehold land and buildings on a historical cost basis would be £196 983 (2005 - £201,183)

A review of the valuation of the above property was carried out as at 31 December 2006 by the directors in consultation with external property advisers and they are of the opinion that no material change has occurred since the previous external valuation. The most recent full valuation in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors was carried out on an existing use basis as at 31 December 2002.

### 9. Stocks

	2006 £	2005 £
Goods for resale	<u>210,387</u>	<u>193,936</u>

### 10. Debtors

	2006 £	2005 £
Trade debtors	103,111	109,468
Prepayments and accrued income	20,195	15,196
Deferred tax asset	313	1,040
	<u>123,619</u>	<u>125,704</u>

The deferred tax asset is in respect of decelerated capital allowances

### 11. Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	76,913	104,059
Amounts owed to group undertakings	374,615	281 268
Corporation tax	5 700	6,342
Other taxation and social security	16,589	13,511
Accruals and deferred income	28,684	30,577
	<u>502,501</u>	<u>435,757</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 2006 the secured bank borrowings were £42,095,000 (2005 - £41,065,000)

## Notes to the financial statements

at 31 December 2006

### 13 Share capital

	<i>Authorised allotted, called up and fully paid</i>			
	<i>No</i>	<i>2006</i>	<i>No</i>	<i>2005</i>
		<i>£</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 reserve</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2005	10,000	549,217	703,238	1,262,455
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>
Profit for the year	–	–	49,737	49,737
Depreciation transfer	–	(6 200)	6,200	–
At 31 December 2006	<u>10,000</u>	<u>536 817</u>	<u>814 180</u>	<u>1,360,997</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.