

Company Registration No. 2524272 (England and Wales)

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

COMPANY INFORMATION

Directors	A L Worrall J Rynn A Kulkarni
Secretary	C R Benton
Company number	2524272
Registered office	6 Denbigh Hall Milton Keynes Buckinghamshire MK3 7QT
Auditors	Hillier Hopkins LLP Charter Court, Midland Road Hemel Hempstead Hertfordshire, HP2 5GE

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 13

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

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

Principal activities and review of the business

The principal activity of the company continued to be that of wholesalers of ironmongery.

Turnover has increased by 10% during the year and profit before tax 36%. The company has made good progress and is expected to improve its position.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

The directors aim to maintain the management policies which have resulted in the company's success in recent years. They consider that the next year will show a further increase in sales.

Directors

The following directors have held office since 1 April 2004:

A L Worrall
J Rynn
A Kulkarni

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
A L Worrall	-	-
J Rynn	25,000	25,000
A Kulkarni	-	-

A L Worrall's interest in the shares of the parent company are shown in that company's accounts.

Auditors

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

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005


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;
- 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 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.

By order of the board



C R Benton

Secretary

12/11/05.....

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

We have audited the financial statements of Lloyd Worrall (Newcastle Upon Tyne) Limited on pages 4 to 13 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and 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 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.

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.

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.

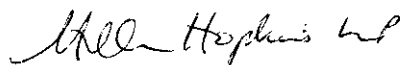
Basis of audit opinion

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.

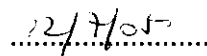
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hillier Hopkins LLP
Chartered Accountants
Registered Auditor



Charter Court, Midland Road
Hemel Hempstead
Hertfordshire, HP2 5GE

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	4,691,582	4,299,168
Cost of sales		(3,148,392)	(2,877,756)
Gross profit		1,543,190	1,421,412
Distribution costs		(58,570)	(53,327)
Administrative expenses		(1,401,495)	(1,312,857)
Operating profit	3	83,125	55,228
Other interest receivable	4	38,428	34,912
Interest payable and similar charges	5	(28,318)	(21,520)
Profit on ordinary activities before taxation		93,235	68,620
Tax on profit on ordinary activities	6	(29,078)	(20,966)
Profit on ordinary activities after taxation	14	64,157	47,654

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

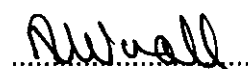
There are no recognised gains and losses other than those passing through the profit and loss account.

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

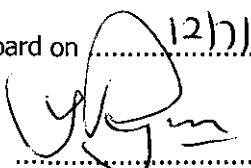
BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7		108,595		108,320
Current assets					
Stocks	8	313,114		364,089	
Debtors	9	1,640,723		1,588,465	
Cash at bank and in hand		445,437		52,974	
		2,399,274		2,005,528	
Creditors: amounts falling due within one year	10	(1,627,831)		(1,309,673)	
Net current assets			771,443		695,855
Total assets less current liabilities			880,038		804,175
Creditors: amounts falling due after more than one year	11		(18,954)		(7,248)
			861,084		796,927
Capital and reserves					
Called up share capital	13	100,000		100,000	
Profit and loss account	14	761,084		696,927	
Shareholders' funds - equity interests	15		861,084		796,927

The financial statements were approved by the Board on 12/7/05



A L Worrall
Director



J Rynn
Director

LLOYD WORRALL (NEWCASTLE UPON TYNE) 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.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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:

Land and buildings Leasehold	15% per annum on cost
Fixtures, fittings & equipment	15%/20% per annum on cost
Motor vehicles	25% per annum on cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition being purchase cost on a first in first out basis and its net realisable value being the estimated realisable value from disposal in the normal course of business.

1.7 Pensions

The company operates a money purchase pension scheme. Contributions are charged to the profit and loss account as they become payable.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.9 Transactions with group companies

Stock purchases and sales between companies in the Lloyd Worrall group are made at cost.

1.10 Cash flow

The company is exempt from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking and a group cash flow statement will be produced.

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

2 Turnover

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

3 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	64,901	52,023
Operating lease rentals	49,462	48,916
Auditors' remuneration	7,000	6,000
and after crediting:		
Profit on disposal of tangible assets	(5,737)	(78)

4 Other interest receivable	2005 £	2004 £
Interest received from group companies	36,078	33,064
Bank interest received	2,327	636
Other interest received	23	1,212
	<u>38,428</u>	<u>34,912</u>

5 Interest payable	2005 £	2004 £
On amounts payable to group companies	21,676	16,484
On bank loans and overdrafts	3,270	1,700
Hire purchase interest	3,372	3,336
	<u>28,318</u>	<u>21,520</u>

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

6 Taxation	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	26,029	19,304
Adjustment for prior years	3,049	1,662
Current tax charge	29,078	20,966
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	93,235	68,620
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	27,971	20,586
Effects of:		
Non deductible expenses	2,834	2,692
Depreciation add back	19,470	15,608
Capital allowances	(15,071)	(14,379)
Adjustments to previous periods	3,049	1,662
Other tax adjustments	(9,175)	(5,203)
	1,107	380
Current tax charge	29,078	20,966

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

7 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2004	30,793	71,359	191,514	293,666
Additions	-	2,276	78,349	80,625
Disposals	-	-	(76,079)	(76,079)
At 31 March 2005	30,793	73,635	193,784	298,212
Depreciation				
At 1 April 2004	28,601	55,823	100,924	185,346
On disposals	-	-	(60,630)	(60,630)
Charge for the year	548	5,507	58,846	64,901
At 31 March 2005	29,149	61,330	99,140	189,617
Net book value				
At 31 March 2005	1,644	12,305	94,644	108,595
At 31 March 2004	2,192	15,536	90,590	108,320

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 March 2005	79,159
At 31 March 2004	61,379
Depreciation charge for the year	
At 31 March 2005	28,260
At 31 March 2004	25,631

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

8 Stocks	2005	2004
	£	£
Finished goods and goods for resale	<u>313,114</u>	<u>364,089</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

9 Debtors	2005	2004
	£	£
Trade debtors	731,119	745,744
Amounts owed by parent and fellow subsidiary undertakings	843,019	780,976
Other debtors	50	171
Prepayments and accrued income	<u>66,535</u>	<u>61,574</u>
	<u>1,640,723</u>	<u>1,588,465</u>

10 Creditors: amounts falling due within one year	2005	2004
	£	£
Net obligations under hire purchase contracts	39,345	18,547
Trade creditors	696,128	541,474
Amounts owed to parent and fellow subsidiary undertakings	628,475	557,632
Corporation tax	26,029	19,304
Other taxes and social security costs	57,759	42,188
Other creditors	3,525	-
Accruals and deferred income	<u>176,570</u>	<u>130,528</u>
	<u>1,627,831</u>	<u>1,309,673</u>

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

11 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Net obligations under hire purchase contracts	18,954	7,248
Net obligations under hire purchase contracts		
Repayable within one year	43,439	21,605
Repayable between one and five years	21,023	7,901
	64,462	29,506
Finance charges and interest allocated to future accounting periods	(6,163)	(3,711)
	58,299	25,795
Included in liabilities falling due within one year	(39,345)	(18,547)
	18,954	7,248

12 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Defined contribution

	2005	2004
	£	£
Contributions payable by the company for the year	19,030	16,492

13 Share capital

	2005	2004
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2004	696,927
Retained profit for the year	64,157
	<u>761,084</u>
Balance at 31 March 2005	<u>761,084</u>

15 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	64,157	47,654
Opening shareholders' funds	796,927	749,273
	<u>861,084</u>	<u>796,927</u>
Closing shareholders' funds	<u>861,084</u>	<u>796,927</u>

16 Contingent liabilities

Lloyds TSB Bank plc holds an unlimited omnibus guarantee from the company in respect of amounts owing by group undertakings.

17 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2005 £	2004 £
Expiry date:		
In over five years	<u>30,000</u>	<u>30,000</u>

18 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	168,077	165,082
Company pension contributions to money purchase schemes	2,544	2,534
	<u>170,621</u>	<u>167,616</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004- 2).

LLOYD WORRALL (NEWCASTLE UPON TYNE) LIMITED

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

19 Employees

Number of employees

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

	2005 Number	2004 Number
Management	3	3
Sales and administration	29	32
	<u>32</u>	<u>35</u>

Employment costs

	£	£
Wages and salaries	779,490	677,064
Social security costs	87,649	85,273
Other pension costs	19,030	16,492
	<u>886,169</u>	<u>778,829</u>

20 Control

The company is a subsidiary undertaking of Lloyd Worrall Group Limited, a company registered in England and Wales. Lloyd Worrall Group Limited prepare consolidated accounts and these are available from the company's registered office.

The group is controlled by A L Worrall.

21 Related party transactions

During the year transactions with the company's parent and fellow subsidiary undertakings consisted of sales of £480,898 (2004 - £451,039), purchases of £40,327 (2004 - £13,424), interest received of £42,141 (2004 - £33,064), interest paid of £27,739 (2004 - £16,483) and management charges of £244,992 (2004 - £260,000).