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Sandell Perkins Limited

824 821

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Contents

Group Corporate advertisement for the trade press 1977-78

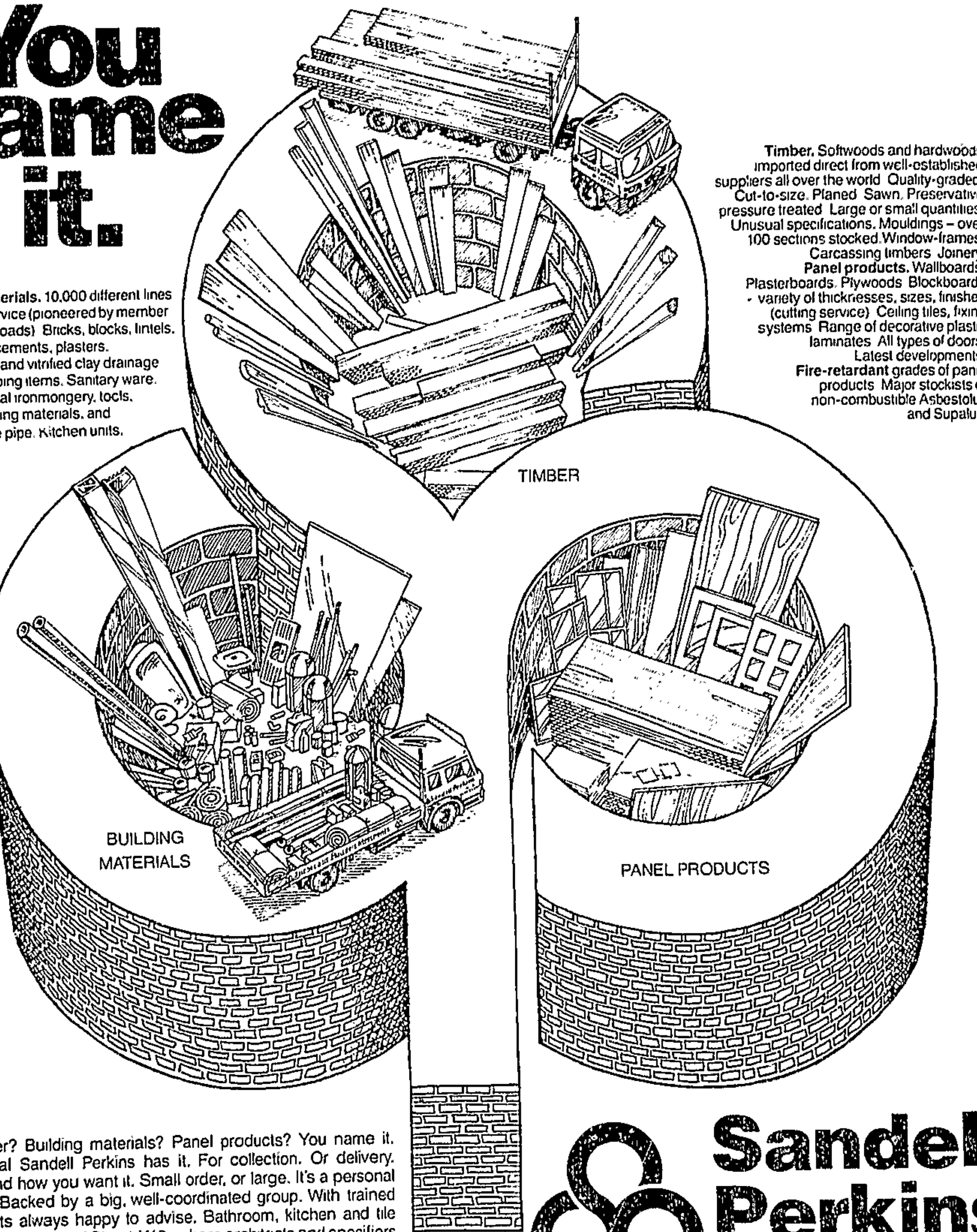
You name it.

Building materials. 10,000 different lines Trade self-service (pioneered by member of Group – Broads) Bricks, blocks, lintels, aggregates, cements, plasters. Plasterboard and vitrified clay drainage goods Plumbing items. Sanitary ware. Baths General ironmongery, tools, hardware, fixing materials, and asbestos flue pipe. Kitchen units.

Timber. Softwoods and hardwoods imported direct from well-established suppliers all over the world Quality-graded Cut-to-size. Planed Sawn. Preservative pressure treated Large or small quantities Unusual specifications. Mouldings – over 100 sections stocked. Window-frames Carcassing timbers Joinery

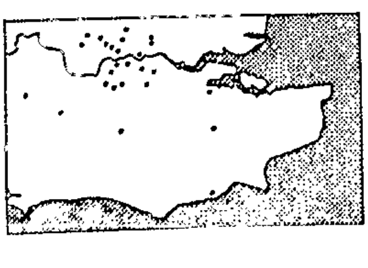
Panel products. Wallboards. Plasterboards. Plywoods Blockboards - variety of thicknesses, sizes, finishes (cutting service) Ceiling tiles, fixing systems Range of decorative plastic laminates All types of doors. Latest developments

Fire-retardant grades of panel products Major stockists of non-combustible Asbestolux and Supalux



Timber? Building materials? Panel products? You name it. Your local Sandell Perkins has it. For collection. Or delivery. When and how you want it. Small order, or large. It's a personal service. Backed by a big, well-coordinated group. With trained specialists always happy to advise. Bathroom, kitchen and tile showrooms at Praed Street, W.2, where architects and specifiers are welcome. Send for the Sandell Perkins brochure and stock list to Sandell Perkins Limited, Head Office, Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, ME20 7AG. Telephone Maidstone 70111, or telephone your nearest branch.

Sandell Perkins Limited



London Area North • 22 Praed Street W2 1NJ Tel 01 723 7061 • 149 Harrow Road W2 6NA Tel 01 402 9311 • 2/4 South Wharf Road, W2 1NZ Tel 01 723 7061 • 6 South Wharf Road W2 1NZ Tel 01 723 8476/8808 • 156 West End Lane NW6 1SD Tel 01 794 8151 • 2 Neptune Road, Harrow, Middx HA1 4ER Tel 01-863 8521 • 124a Kentish Town Road NW1 9QB Tel 01-485 0111 • 51 Mayes Road, N22 6TN Tel 01-888 7216 • 240 Kingsland Road E2 8AX Tel 01-739 6817 • 305a Kingsland Road E8 4DL Tel 01 254 1442 • Hercules Wharf Leamouth Road E14 Tel 01-987 3508 • Park Avenue Southall UB1 3AB Tel 01 571 0914 **London Area South** • 46 Redcross Way, SE1 1LE Tel 01-407 3511 • 18 Union Street, SE1 1SZ Tel 01-407 3511 • 38-51 Old Devonshire Road Balham SW12 9PQ Tel 01 673 1212 • 41 Rockbourne Road Lewisham, SE23 2DA Tel 01 699 0881 • 2 Hurst Road Sidcup DA15 9AB Tel 01 300 9341 • Ewell Road Cheam SM3 8AP Tel 01 642 6695 • Ross Parade Wallington SM6 8QF Tel 01 647 1403/01 669 1654 • Hampton Road Croydon, CR0 2XG Tel 01 689 4311 • 54/56 High Street West Wickham Tel 01 776 0670 **Surrey Area** • Woodbridge Road Guildford GU1 1EH Tel 62821 • Quarry Road Godstone RH9 8DL Tel 2067 • 153 Fleet Road Fleet Hants GU13 8PD Tel 3681 **Kent & Sussex Area** • Forstal Road Aylesford Maidstone Kent ME20 7AG Tel 70111 • Jenkins Dale Chatham Kent ME4 5RT Tel 43696 • Springfield Valley Road Hastings Sussex TN38 0RP Tel 424300

Officers and Professional Advisers

Directors	C. R. Carr, T.D.	(Chairman)
	H. M. W. Harris, M.A.	(Deputy Chairman)
	T.I. Perkins	(Managing)
	E. C. Adams, F.C.A.	
	J. H. Carr, T.D.	
	J. S. Faulder, M.A.	
	R. J. Marshall	
	D. C. W. Perkins	
	S. P. Smythe	
Secretary	A. L. Gurney, F.C.I.S., A.I.B.	
Registered Office	Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, ME20 7AG.	
Auditors	Touche Ross & Co., 3 London Wall Buildings, London, EC2M 5PH.	
Bankers	National Westminster Bank Limited, 3 High Street, Maidstone, Kent, ME14 1XU. Midland Bank Limited, 16 High Street, Maidstone, Kent, ME14 1XU.	
Solicitors	Clifford-Turner & Co., Blackfriars House, 19 New Bridge St., London, EC4V 6BY.	

Group Corporate advertisement for the trade press 1978 79

We'd like to cut down to your size.

Right down, even to the smallest size you'd care to specify. Ready to deliver on site. *Substantially cutting your cutting costs!* On plywood, blockboard, laminate. You name it.

For really large quantities we can supply direct from the manufacturing mills at very attractive rates. It's all part of our service. Sc is the cutting of specialist sheet materials. We are one of the few in the S. East approved for cutting asbestos-based boards (Cape recommend us).

We have the facilities. Plus the know how. And it shows. In every aspect of our group's activities.

For instance, to save you time, trouble and money, we pioneered single source buying. Now, through your local sales office you have access to well over 10,000 quality lines. In timber, panel products, and builders' merchants supplies. All at competitive prices.

The trade have the option of self-service and modern efficient facilities for loading your vehicles. As for deliveries, our large fleet of lorries cuts more than a dash every day.

So you're a cut above competitors.

Sandell Perkins Limited

London Area North • Area Sales Director Adrian Eldred, 22 Praed Street, W2 1NJ Tel 01-723 7061 • 149 Harrow Road, W2 6NA Tel 01-402 9411 • 2 4 South Wharf Road, W2 1NZ Tel 01-723 7061 • 6 South Wharf Road W2 1NZ Tel 01-723 8476/8808 • 156 West End Lane NW6 1SD Tel 01-794 8151 • 2 Neptune Road Estate Harrow, HA1 4EH Tel 01-863 8521 • 124a Kentish Town Road NW1 9QB Tel 01 485 0111 • 51 Mayes Road, N22 6TN Tel 01-888 7216 • 240 Kingsland Road, E2 8AX Tel 01-739 6817 • 305a Kingsland Road, E8 4DL Tel 01-254 1442 • Hercules Wharf Leamouth Road E14 Tel 01 987 5508 • Park Avenue, Southall, UB1 3AB Tel 01-571 0314 • **London Area South** • Area Sales Director Denis Stockwell 57 South Lambeth Road London SW8 1RJ Tel 01-735 7171 (Also William Bloore Hardwoods) • 18 Union Street SE1 1SZ Tel 01-407 3511 • 46 Redcross Way, SE1 1LF Tel 01-407 3511 • 38/51 Old Devonshire Road Balham SW12 9PQ Tel 01-673 1212 • 41 Rockbourne Road Lewisham SE23 2DA Tel 01-699 0881 • 2 Hurst Road Sidcup DA15 9AB Tel 01 300 9341 • Ewell Road Cheam, SM3 8AP Tel 01-642 6695 • Ross Parade Wallington SM6 8QF Tel 01-647 1403/01-669 1654 • Hampton Road Croydon CR0 2XG Tel 01-689 4311 • 54/56 High Street West Wickham Tel 01-776 0670 **Surrey Area** • Area Sales Director Malcolm Betteridge Woodbridge Road Guildford, GU1 1EH Tel 62821 • Quarry Road Godstone RH9 8DL Tel 2067 • 153 Fleet Road Fleet Hants, GU13 9PD Tel 3681 **Kent & Sussex Area** • Area Sales Director Douglas [illegible] Road Aylesford Maidstone Kent ME20 7AG Tel 70111 • Jenkins Dale Chatham Kent ME4 5RT Tel 43696 • Victoria Road Ashford Tel [illegible] • [illegible] Road Canterbury Tel 66322 • Springfield Valley Road Hastings Sussex TN38 0RP Tel 424300

Notice of Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of Sandell Perkins Limited will be held at The Charing Cross Hotel, Strand, London WC2N 5HX, on Wednesday, 27th September 1978 at 11.30 a.m. for the following purposes:

1. To receive and adopt the directors' report and the audited accounts for the year ended 31st March 1978, together with the auditors' report.
2. To declare a final dividend.
3. To re-elect the following directors:
   J. H. Carr
   J. S. Faulder
   H. M. W. Harris
4. To re-appoint Touche Ross & Company, Chartered Accountants, as auditors, and authorise the directors to fix their remuneration.

Cobtree House,
Forstal Road,
Aylesford,
Maidstone,
Kent, ME20 7AG.
25th August 1978

By Order of the Board
A. L. GURNEY
Secretary

A L Gurney

Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (whether a member or not) to attend and vote instead of him. Forms of proxy must reach the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting.
2. The register of directors' shareholdings and transactions will be available for reference at the commencement of and during the continuance of the Annual General Meeting.
3. Copies of the directors' service contracts will be available for inspection at the registered office of the Company from the date of this notice until the date of the meeting and at the meeting for a period of 15 minutes prior to commencement.

Chairman's Statement

The twelve months to the 31st March 1978 started out most favourably. At last year's A.G.M. I was bold enough to forecast results for 1977/78 considerably better than the previous year. Writing in the interim report I was somewhat more guarded, but still confident enough to predict a modest improvement on last year's figures; all of which makes the final results contained in the Annual Report a little disappointing.

Financial Results

Whilst Group sales during the year increased by 23%, the pretax profit dropped by 8%. In fact the decline came about entirely in the second half of the year, for at half time, profits were up by 8% compared with the previous year. During the second six months Group profits showed a 22% decline on last year's earnings.

The reasons for this reversal are many and various. Despite the purchase of three new businesses which strengthened our sales during the latter part of last year, our sales increase slowed down from 23% in the first six months to 22% in the second because of falling timber prices and a harsher than average winter. Falling prices meant reduced margins and this year, unlike last, we did not benefit from stock profits. With our fortunes closely allied to the building trade, we have suffered a reduction in demand during the winter months and this has been compounded by movements in currency, against which there is little safeguard.

In addition,the three new businesses we purchased have taken longer than envisaged to become profitable – including finance charges, the cost to this year's profits was in excess of £200,000. Our bad debt experience – the Company does not insure against this – has been the worst in my memory and exceeded our budgeted provisions by £125,000. Our D.I.Y. subsidiary, One Stop, continued to make losses, although less than in the two previous years.

To be fair to my colleagues and the staff, the final results, although disappointing by our own high standards, should be viewed in perspective. Much of the business has continued to earn very good profits. Many of our competitors, by comparison, have suffered setbacks far in excess of our 8%. However, this is little comfort to management and staff when we reflect on what might have been.

Taxation

I mentioned last year that we would be reviewing our policy of providing fully under the heading of "deferred taxation" for such items as stock appreciation relief and "rollover" benefit on property sales. Now that the Accounting Standards Committee has published its recommendations under E.D.19 we have changed our accounting policy accordingly. As a result, £1,257,000 has been credited to reserves and the previous year's figures restated on a comparable basis.

Dividends

In February an 11% interim dividend was paid. Now that the Government have decided to continue with dividend restraint, our room to manoeuvre over the amount of the final dividend is limited to a maximum increase of 10%. A final dividend, therefore, of 22.804% will be recommended at the A.G.M., to be paid on the 2nd October to those on the Share Register at the close of business on the 11th September. Had the Government not carried the day on the motion of dividend control your Board would have recommended a higher dividend. The dividend is covered 3.7 times.

The Year in Retrospect

Despite my remarks at the beginning of this Statement on the problems of prices, margins and currencies, the year under review has seen several significant achievements.

Three new businesses have been added to the Group. Last July, as reported this time last year, we purchased the assets of William Bloore & Son Ltd., at Vauxhall. One month later we acquired Frank Cooper (Canterbury) Ltd., Builders Merchants, with branches in Canterbury and in Ashford, Kent. Then at the beginning of October we purchased the assets of R. C. Jennings Ltd. Builders Merchants at Guildford. In all, these three businesses have added over £2,000,000 extra sales to the Group and all three are now contributing to the Group's profits.

Chairman's Statement Continued

Our policy of achieving a more balanced business has continued and builders merchanting now represents 40% of our turnover, with timber at 60%. Similarly the emphasis, with the continued recession in the Building and Construction Industry, has shifted yet further to home improvements and D.I.Y. Cash sales for the year were 20% of our total sales. We scored our first modest success in the export field with the sale of doors to Nigeria. We have continued to modernise and improve our branches. Last year we completed the alteration and additional building at Fleet where we now have a comprehensive timber and builders merchants yard. Similarly we have started work improving and adding to our facilities at Wallington. Of the three fires we experienced during the firemen's strike last winter, luckily only one at Redcross Way, Southwark was serious. Our losses were adequately insured and the landlord has acted speedily to rebuild the damaged shed. With the continued losses from 'One Stop', the Southall store was closed and vacated last October and on the 1st April 1978 the stores at Henlow and Weybridge were integrated with our own area structure. One Stop's management expertise in retailing and display will now be available to all our own D.I.Y. shops and showrooms.

During the year certain changes in management took place. Mr. M. Green (Main Board Director), Mr. L. Braham and Mr. T. Daniel, (Assistant Directors) resigned and left the Company's employ. We thank them for their respective contributions and wish them well in their new careers. Five new Assistant Directors have been appointed during the last twelve months — Mr. J. Bloore and Mr. G. Brush in London South, Mr. A. Eldred in London North, Mr. V. McCarthy in Surrey and Mr. D. Oliver in Kent.

With the opportunities available for making further acquisitions, we thought it prudent to strengthen our balance sheet. Last summer, therefore, we negotiated a £750,000 medium term loan at favourable rates with the County Bank Ltd. This is repayable in instalments during 1983/84. As a result, our short term borrowings have been reduced.

Prospects for the Coming Year

Although exchange rates, particularly in the two major currencies which concern us, the Swedish Kroner and the U.S. Dollar, remain volatile, our view for the current trading year is one of cautious optimism. There are reports of a slightly higher level of activity in the building industry and we expect the demand for home improvements and D.I.Y. goods to continue to grow. The improvement in our cash trade for the first three months has been noticeable. This shows an increase of 37% over the same period last year, despite the closure of Southall. Our overall sales for the first quarter are 27% up on last year, but it must be remembered that for that period we did not have the benefit of the figures of the three new businesses. Estimated profits for the quarter are in line with the same period last year and assuming prices do not fall again, our profits this year should show a significant increase on the profits of the past year.

When the upturn in work from the building industry finally occurs our strategic location of branches and the range of stocks and services which are offered will ensure that Sandell Perkins is in a strong position to meet the demand and so benefit.

Staff

Once again I would thank my fellow Directors, the Managers and all the Staff for their efforts and hard work during what has been a frustrating year, full of change and uncertainty. We now publish a short Employees Report in order to involve all levels of staff more closely with the aims, development and profitability of the Company. The improvements to the Staff and Works Pension Schemes implemented in December have been welcomed by all.

Given the confidence of our shareholders, the identity with the Company of the staff and their enthusiasm and the support of our customers, Sandell Perkins will continue on its path of steady and independent growth.

RICHARD CARR

Chairman

Report of the Directors

The directors have pleasure in submitting to the members the audited accounts of the Company for the year ended 31st March 1978.

Activities

The principal activities of the group are the marketing and distribution of timber, timber products and building materials to the building trade and industry generally within the United Kingdom.

Results and Dividends

		1978		*1977*
		£		*£*
Profit before taxation		1,849,406		*2,008,878*
Taxation		811,124		*511,206*
Profit after taxation		1,038,282		*1,497,672*
Dividends:				
Interim 11% *(Feb. 1977: 10%)*	92,183		*83,563*	
Proposed final 22.804% *(1977: 20.268%)*	191,105		*169,364*	
		283,288		*252,927*
Profit retained		£754,994		*£1,244,745*

The directors recommend the payment of a final dividend of 22.804%, making a total payment for the year of 33.804% which is the maximum increase possible over the 30.268% paid last year under the present Government code.

Exports

The value of goods exported by the Company during the year amounted to £162,376 (1977: NIL).

Directors

The following were directors of the Company during the year. Their interests in the shares of the Company were as follows:

	Ordinary shares of 10p each 31st March 1978	*31st March 1977*
C. R. Carr	125,000	*75,000*
H. M. W. Harris	73,381	*73,381*
T. I. Perkins	326,841	*326,841*
E. C. Adams	10,000	*8,000*
J. H. Carr	103,867	*53,200*
J. S. Faulder	–	–
R. J. Marshall	10,000	*5,000*
D. C. W. Perkins	325,841	*325,841*
S. P. Smythe	191,0[illegible]	*191,015*
M. L. Green	–	*50,917*

Mr. M. L. Green resigned on the 29th March 1978.

Under article 21 of the Company, J. H. Carr, J. S. Faulder and H. M. W. Harris retire and, being eligible, offer themselves for re-election.

Issue of Shares

During the year, the Company issued 24,000 ordinary shares of 10p each for a cash consideration of £9,120 as an incentive to employees. Two directors, Mr. E. C. Adams and Mr. R. J. Marshall were issued with 2,000 and 5,000 shares respectively.

Acquisitions

On the 5th August 1977 the Company acquired Frank Cooper (Canterbury) Limited, Dane John Properties Limited and Dane John Investments Limited, a group of companies primarily engaged in the building materials industry, for a consideration of approximately £500,000.

Report of the Directors Continued

Fixed assets

The directors are of the opinion that the Group's freehold and leasehold property has a value substantially in excess of book value.

Employees

The average number of persons employed by the group each week during the year was 891 at an aggregate annual remuneration of £2,904,110.

Donations

During the year, the group made a donation to the Conservative Party of £1,000.

Close company status

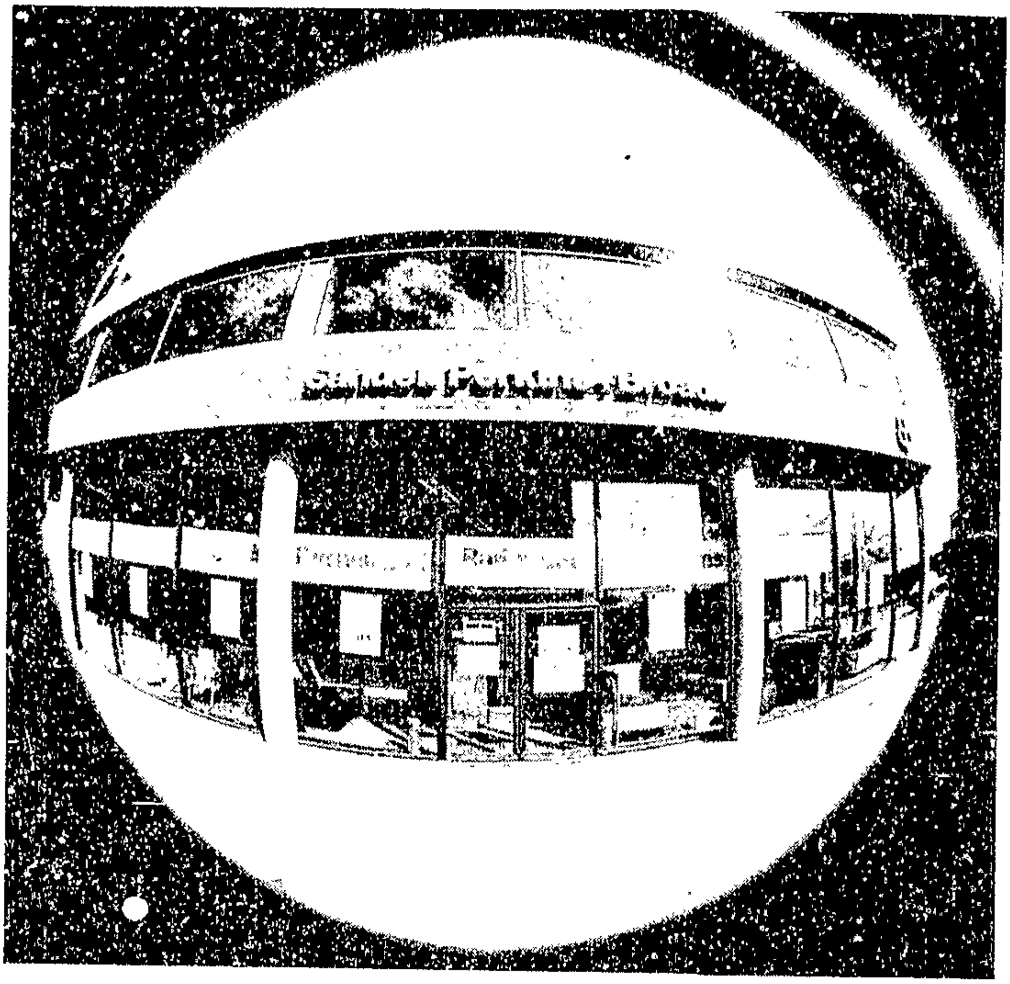
It has been agreed with the Inland Revenue that the close company provisions of the Income and Corporation Taxes Act 1970 did not apply to the Company at the 30th September 1975. In the opinion of the directors there has been no change in the state of the Company since that date.

28th July 1978

A L Gurney

By Order of the Board
A. L. GURNEY
Secretary

A most unusual view of the new self-service shop at Hampstead



The new fascia and self-service shop at Aylesford.

Auditors' Report to the Members of Sandell Perkins Limited

In our opinion the accounts and notes, on pages 12 to 18, which have been prepared under the historical cost convention, including the revaluation of certain assets, comply with the C[illegible]ies Acts 1948 and 1967 and, so far as concerns the members of the Company, give a true and fair view of the state of affairs at 31st March 1978 of the Company and of the Group, and of the profit and source and application of funds of the group for the year ended on that date.

Touche Ross & Co.
Touche Ross & Co.

28th July 1978

Touche Ross & Co.
Chartered Accountants
London

Consolidated Profit and Loss Account

For the year ended 31st March 1978

	Notes		1978 £		*1977 £*
Turnover	2		£26,456,841		*£21,588,368*
Profit from operation	3		1,849,406		*2,008,878*
Taxation	4		811,124		*511,206*
Profit after taxation			1,038,282		*1,497,672*
Dividends	6		283,288		*252,927*
Undistributed profit transferred to reserves	12		£ 754,994		*£ 1,244,745*
Earnings per ordinary share of 10p			12.4p		*17.9p*
Statement of retained profits:					
Retained profits for the year			754,994		*1,244,745*
Retained profits at beginning of year as previously reported		3,670,652		*2,999,131*	
Prior year adjustment deferred taxation	1(d)	1,256,599		*683,375*	
As restated			4,927,251		*3,682,506*
Retained profits at end of year			£5,682,245		*£4,927,251*

Consolidated Balance Sheet

31st March 1978

	Notes	1978 £	1978 £	1977 £
Fixed assets	7		3,394,839	2,715,828
Current assets:				
Stock		5,087,629		4,277,354
Debtors		4,665,289		3,991,570
Cash at bank and in hand		103,661		6,166
Taxation recoverable		2,825		2,825
		9,859,404		8,277,915
Current liabilities:				
Bank overdraft and acceptances		853,781		1,236,605
Creditors		3,690,860		3,016,403
Corporation tax		769,838		523,648
Dividend proposed		191,105		169,364
		5,505,584		4,946,020
Net current assets			4,353,820	3,331,895
			£7,748,659	£6,047,723
Capital Employed				
Share capital	11		838,030	835,630
Reserves	12		5,805,932	5,040,901
			6,643,962	5,876,531
Deferred taxation	9		354,697	171,192
Loan	10		750,000	–
			£7,748,659	£6,047,723

C. R. CARR
T. I. PERKINS } Directors

Balance Sheet

31st March 1978

	Notes	1978 £	1978 £	*1977 £*
Fixed assets	7		3,377,042	*2,697,838*
Interest in subsidiaries	13		(1,191,945)	*(1,374,494)*
Current assets:				
Stock		4,952,001		*4,135,351*
Debtors		4,657,380		*3,974,725*
Cash		102,811		*4,542*
		9,712,192		*8,114,618*
Current liabilities:				
Bank overdraft and acceptances		853,756		*1,190,444*
Creditors		3,662,739		*2,913,892*
Corporation tax		769,838		*474,692*
Group relief payable		31,036		*69,500*
Dividend proposed		191,105		*169,364*
		5,508,474		*4,817,892*
Net current assets			4,203,718	*3,296,726*
			[illegible]388,815	*£4,620,[illegible]*
Capital Employed				
Share capital	1[illegible]		[illegible],030	*835,630*
Reserves	[illegible]		[illegible]446,088	*3,613,248*
			5,284,118	*4,448,878*
Deferred taxation	9		354,697	*171,192*
Loan	10		750,000	*—*
			£6,388,815	*£4,620,070*

C. R. CARR
T. I. PERKINS } Directors

Source and Application of Funds

For the year ended 31st March 1978

		1978 £	1978 £	*1977* £	*1977* £
Source of funds:	Profit after taxation		1,038,282		*1,497,672*
	Adjustment for items not involving movement of funds:				
	Depreciation		320,077		*272,566*
	Deferred taxation		190,384		*105,218*
	Surplus on acquisition of subsidiaries		3,317		–
	Total generated from operations		1,552,060		*1,875,456*
	Issue of shares		9,120		*3,500*
	Disposal of fixed assets		46,145		*73,092*
	Increase in creditors		942,388		*82,084*
	Loan		750,000		–
			3,299,713		*2,034,132*
Application of funds:	Purchase of fixed assets	1,045,233		*611,917*	
	Dividends paid and proposed	283,288		*252,927*	
	Increase in stocks	810,275		*1,390,059*	
	Increase in debtors	673,719		*955,148*	
	Increase in ACT recoverable	6,879	2,819,394	*5,328*	*3,215,379*
			£ 480,319		*£(1,181,247)*
Movement in net liquid funds:	Increase/(decrease) in cash balances		97,495		*(34,333)*
	Decrease/(increase) in overdrafts		382,824		*(1,146,914)*
			£ 480,319		*£(1,181,247)*

Notes to the Accounts

1. Accounting policies

(a) Basis of consolidation
The group accounts consolidate the accounts of the Company and all subsidiaries made up to 31st March 1978.
Investments in subsidiaries are stated at cost, representing in respect of acquisitions:

For cash	—	The cash consideration
By exchange of shares	—	The estimated market value of the shares on the day the offer became unconditional

It is the Company's policy to write-off goodwill in the year of acquisition.

(b) Depreciation
Depreciation is not generally charged in respect of freehold land. All other assets are depreciated on a straight line basis over the expected useful lives, which are generally as follows:

	Years
Freehold buildings	50
Short leasehold properties	Period of lease
Plant and equipment	5
Vehicles	4

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

(d) Taxation
Provision is made in the accounts for taxation which is deferred due to timing differences, and to the existence of stock appreciation except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue and that stock values will not reduce in the foreseeable future. The accounting policy follows the recommendations made recently by the Accounting Standards Committee and represents a change in policy as compared with previous years. Accordingly, figures for 1976/7 have been restated on a comparable basis.

2. Turnover

Turnover represents group sales to third parties excluding V.A.T.

3. Profit before taxation

Profit before taxation is after charging:

	1978 £	*1977 £*
Depreciation	320,077	*272,566*
Interest payable —		
short term loans and overdrafts	141,128	*120,443*
long term loans	40,429	*—*
Auditors' remuneration	18,000	*14,500*
Additional pension costs	30,275	*—*
Directors' emoluments —		
Remuneration including pension fund contributions	145,876	*132,869*
Compensation for loss of office	42,996	*—*
and after crediting:		
Rent receivable	37,320	*28,721*
Interest receivable	575	*446*

Additional information relating to directors' emoluments:

	1978	*1977*
Remuneration of Chairman	£16,101	*£14,937*
Remuneration of highest paid director	£17,450	*£15,337*

The number of directors with remuneration in the following ranges were:

£ — £	1978	*1977*
0 — 2,500	1	*1*
10,001 — 12,500	3	*4*
12,501 — 15,000	2	*4*
15,001 — 17,500	4	*1*

There was one employee whose remuneration fell in the range of £10,000 — £12,500.

4. Taxation

	1978 £	*1977 £*
Corporation tax at 52% *(1977: 52%)* based on the taxable profit for the year	639,834	*405,988*
Deferred taxation	171,290	*105,218*
	£811,124	*£511,206*

If accounting policy 1(d) had not been changed the charge for taxation would have amounted to £1,080,922 *(1977: £1,084,430)*

5. Profit after taxation

Of the profit after taxation £1,109,408 *(1977: £1,025,640)* has been dealt with in the accounts of Sandell Perkins Limited

6. Dividends

	1978 £	*1977 £*
Interim — 11% *(1977: 10%)*	92,183	*83,563*
Proposed final — 22.804% *(1977: 20.268%)*	191,105	*169,364*
	£283,288	*£252,927*

Notes to the Accounts Continued

7. Fixed assets

(a) The Group	Freehold property	Short leasehold property	Plant, vehicles and equipment	Total
	£	£	£	£
Cost				
Balance at 1st April 1977	1,982,162	504,534	1,306,091	3,792,787
Additions from subsidiaries acquired at cost	258,000	–	38,173	296,173
Capital expenditure	281,743	71,726	418,678	772,147
Disposals	(4,175)	–	(210,764)	(214,939)
Balance at 31st March 1978	2,517,730	576,260	1,552,178	4,646,168
Depreciation				
Balance at 1st April 1977	192,801	134,118	750,040	1,076,959
From subsidiaries acquired	–	–	23,087	23,087
Charge for the year	35,183	20,896	263,998	320,077
Applied on disposals	(2,678)	–	(166,116)	(168,794)
Balance at 31st March 1978	225,306	155,014	871,009	1,251,329
Net book value at 31st March 1978	£2,292,424	£421,246	£681,169	£3,394,839
Net book value at 31st March 1977	£1,789,361	£370,416	£556,051	£2,715,828

(b) The Company	Freehold property	Short leasehold property	Plant, vehicles and equipment	Total
Cost				
Balance at 1st April 1977	1,982,162	504,534	1,275,740	3,762,436
Transfer from subsidiaries at cost	258,000	–	38,173	296,173
Capital expenditure	281,743	71,726	410,215	763,684
Disposals	(4,175)	–	(207,387)	(211,562)
Balance at 31st March 1978	2,517,730	576,260	1,516,741	4,610,731
Depreciation				
Balance at 1st April 1977	192,801	134,118	737,679	1,064,598
Transfer from subsidiaries	–	–	23,087	23,087
Charge for the year	35,183	20,896	257,031	313,110
Applied on disposals	(2,678)	–	(164,428)	(167,106)
Balance at 31st March 1978	225,306	155,014	853,369	1,233,689
Net book value at 31st March 1978	£2,292,424	£421,246	£663,372	£3,377,042
Net book value at 31st March 1977	£1,789,361	£370,416	£538,061	£2,697,838

8. Capital commitments

Company and Group	1978	*1977*
	£	*£*
Capital expenditure for which orders have been placed	175,923	*205,974*
Capital expenditure authorised by the directors for which no orders have yet been placed	583,314	*269,148*
	£759,237	*£475,122*

9. Deferred taxation

Company and Group	1978	*1977*
	£	*£*
Capital allowances in excess of depreciation	549,925	*422,400*
Timing differences	(101,101)	*(163,960)*
Advance corporation tax recoverable	(94,127)	*(87,248)*
	£354,697	*£171,192*

In accordance with the group's accounting policy for deferred taxation, provision has been made for deferred taxation liabilities where it cannot be demonstrated with reasonable probability that the timing difference will continue.

The amount of deferred taxation which has not been provided is £1,261,825 *(1977: £797,135)* in respect of stock appreciation relief and £333,678 *(1977: £259,414)* in respect of capital gains rolled over and on revaluations of properties

10. Loan

	1978	*1977*
	£	*£*
Three month London Inter Bank offered rate (plus 2,125%) repayable by instalments 1983/4	£750 000	–

Notes to the Accounts Continued

11. Share capital

	The Group and the Company	
	Authorised	Issued and fully paid
	£	£
Ordinary shares of 10p each	900,000	835,630
Issued during the year	–	2,400
	£900,000	838,030

12. Reserves

The Group	Share Premium	Capital Reserve	Retained Profits	Total
	£	£	£	£
Balance at 1st April 1977	113,650	–	3,670,652	3,784,302
Prior year adjustment (note 1(d))	–	–	1,256,599	1,256,599
Restated balance at 1st April 1977	113,650	–	4,927,251	5,040,901
Premium on shares issued during the period	6,720	–	–	6,720
Undistributed profits for the year transferred from the profit and loss account	–	–	754,994	754,994
Capital reserve arising on consolidation	–	3,317	–	3,317
Balance at 31st March 1978	£120,370	£3,317	£5,682,245	£5,805,932
The Company				
Balance at 1st April 1977	113,650	–	2,242,999	2,356,649
Prior year adjustment (note 1(d))	–	–	1,256,599	1,256,599
Restated balance at 1st April 1977	113,650	–	3,499,598	3,613,248
Premium on shares issued during the period	6,720	–	–	6,720
Undistributed profits for the year transferred from the profit and loss account	–	–	826,120	826,120
Balance at 31st March 1978	£120,370	–	£4,325,718	£4,446,088

13. Interest in subsidiaries

	1978	*1977*
	£	*£*
Shares at cost less amounts written off	2,528,966	*1,789,690*
Amounts due from subsidiaries	–	*14,106*
Amounts due to subsidiaries	(3,720,911)	*(3,178,290)*
	£(1,191,945)	*£(1,374,494)*

Subsidiaries, all of whom are wholly owned and incorporated in the United Kingdom:

- George Holt Limited
- Walter S. [illegible]y Limited
- Samuel Putney Limited
- W. & S. Scott Limited
- Elliott-Perkins Limited
- Wallboard Distributors Limited
- Sandell, Smythe & Drayson Limited and its subsidiaries:
  - J. Archer Smith Limited
  - T. Hodgson & Company (St Leonards) Limited
  - King & Scarborough Limited
  - S & D Timber Limited
  - One Stop Home & Garden Centres Limited
- Ingram Perkins & Company Limited and its subsidiaries:
  - Auclaye Brickfields Limited
  - A. & W. T. Richardson Limited
  - Wood & Co. (London) Limited
- Broad & Company Limited and its subsidiaries:
  - Broads Builders Merchants Limited
  - T. Holland & Son Limited
- Frank Cooper (Canterbury) Limited
- Dane John Properties Limited
- Dane John Investments Limited

14. Contingent Liabilities

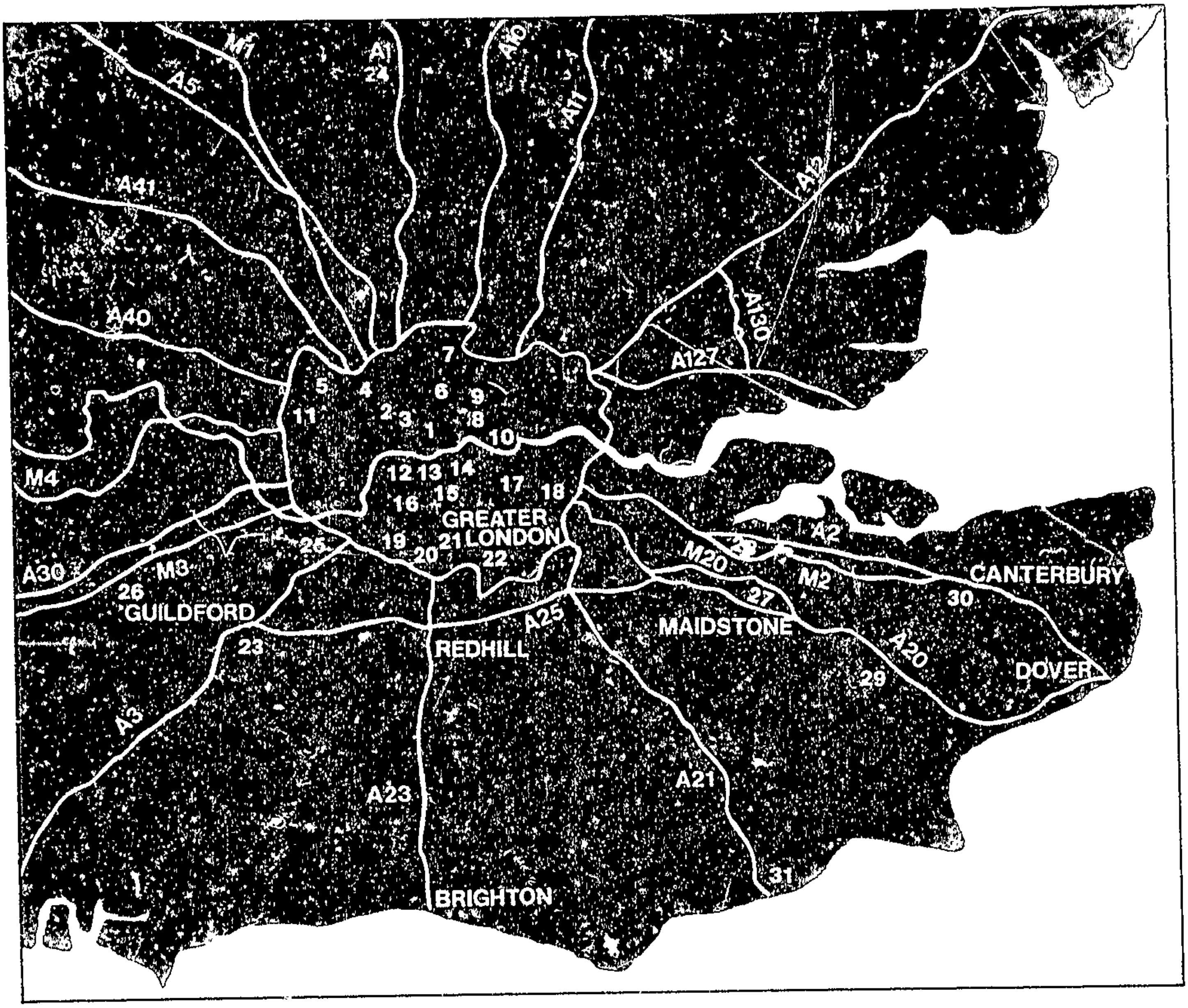
The Group

The Inland Revenue are disputing certain losses surrendered by a subsidiary to the holding company for the year ended 31st March 1976. The Company is resisting these claims. In the event of these losses not being available, a further liability to Corporation Tax of approximately £580,000 would arise together with interest currently at the rate of 9% with effect from 1st July 1977.

Five Year Review

Results (£000's)	1974	1975	1976	1977	1978
Sales	10,036	11,099	15,246	21,588	**26,457**
Profit before taxation	1,344	1,077	1,195	2,009	**1,849**
Profit after taxation	1,048	459	494	1,497	**1,038**
Extraordinary items	+ 615	–	+ 294	–	–
Dividends	151	190	227	253	**283**
Ratios & Statistics					
Earnings per share before extraordinary items	13.9p	6.0p	5.9p	17.9p	**12.4p**
Net book value per 10p share	48.3p	51.8p	55.5p	70.3p	**79.3p**
Dividend – Pence per share	2.0p	2.5p	2.7p	3.0p	**3.4p**
Profit before tax % of sales	13.4%	9.7%	7.8%	9.3%	**7.0%**
Profit per employee	£2,506	£2,009	£1,690	£2,520	**£2,075**

Note
All the above figures have been re-stated in order to reflect the change in the basis of providing for deferred taxation as explained in Note 1(d) to the accounts.



London Area North

1. 22 Praed Street, W2 1NJ.
   Telephone: 01-723 7061.
2. 149 Harrow Road, W2 6NA. Tel: 01-402 9311.
3. 2/4 South Wharf Road, W2 1NZ.
   Tel. 01-723 7061.
   6 South Wharf Road, W2 1NZ.
   Tel. 01-723 476/8808.
4. 156 West End Lane, NW6 1SD.
   Tel: 01-749 8151.
5. 2 Neptune Road Estate, Harrow, HA1 4ER.
   Tel 01-863 8521
6. 124a Kentish Town Road, NW1 9QB
   Tel 01-485 0111.
7. 51 Mayes Road, N22 6TN. Tel: 01-888 7216.
8. 240 Kingsland Road, E2 8AX
   Tel 01-739 6817
9. 305a Kingsland Road, E8 4DL.
   Tel 01-254 1442
10. Hercules Wharf, Leamouth Road, E14
    Tel: 01-987 2508
11. Park Avenue, Southall, UB1 3AB.
    Tel 01 571 0914.
24. Henlow Industrial Estate, Henlow Camp, Beds
    Tel Hitchin 814333

London Area South

12. 57 South Lambeth Road, SW8 1RJ.
    Tel: 01-735 7171. (Sandell Perkins).
13. 57 South Lambeth Road, SW8 1RJ.
    Tel: 01-735 7171. (William Bloore Hardwoods)
14. 46 Rousecross Way, SE1 1LE. Tel: 01 407 3511.
15. 18 Union Street, SE1 1SZ. Tel: 01-407 3511.
16. 38/51 Old Devonshire Road, Balham,
    SW12 9PQ. Tel: 01-673 1212.
17. 41 Rockbourne Road, Lewisham, SE23 2DA.
    Tel: 01-699 0881.
18. 2 Hurst Road, Sidcup, DA15 9AB.
    Tel. 01-300 9341.
19. Ewell Road, Cheam, SM3 8AP.
    Tel 01-642 6695.
20. Ross Parade, Wallington, SM6 8QF.
    Tel 01 647 1403/01-669 1654.
21. Hampton Road, Croydon, CR0 2XG.
    Tel: 01-689 4311
22. 54/56 High Street, West Wickham.
    Tel 01 776 0670.

Surrey & Hants Area

23. Woodbridge Road, Guildford, GU1 1EH.
    Tel: 62821/65451.
25. Vernon House, 2 4 Church Street,
    Weybridge, Surrey. Tel Weybridge 54681.
26. 153 Fleet Road, Fleet Hants, GU13 9PD.
    Tel Fleet 3681.

Kent & Sussex Area

27. Forstal Road, Aylesford, Maidstone, Kent,
    ME20 7AG. Tel: 70111.
28. Jenkins, Dale, Chatham, Kent, ME4 5RT
    Tel: Medway 43696
29. Victoria Road, Ashford Tel 25935
30. Limekiln Road, Canterbury Tel 66322
31. Springfield Valley Road, Hastings, Sussex,
    TN38 0RP Tel 424300