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# **CRS WHOLESALE (CAMBRIDGE) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

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◆ *Year ended 31 December 1997* ◆

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COMPANY NO: 1273790

# CRS WHOLESALE (CAMBRIDGE) LIMITED

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# CRS WHOLESALE (CAMBRIDGE) LIMITED

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## COMPANY INFORMATION

Directors  
D C E Ridgeon  
M H E Ridgeon  
R E Ridgeon  
A K Ridgeon  
T Parker (appointed 1 December 1997)  
M J Symons (resigned 29 January 1998)

Secretary  
D C E Ridgeon

Registered office  
Cromwell Road  
CAMBRIDGE  
CB1 3YA

Registered number  
1273790

Auditors  
Robson Rhodes  
Chartered Accountants  
Daedalus House  
Station Road  
CAMBRIDGE  
CB1 2RE

Bankers  
Midland Bank Plc  
CAMBRIDGE

**CRS WHOLESALE (CAMBRIDGE) LIMITED**

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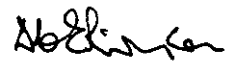
**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of CRS Wholesale (Cambridge) Limited will be held at The Bedford Lodge Hotel, Bury Road, Newmarket on 8 June 1998 for the following purposes:

1. To confirm the minutes of the previous Annual General Meeting.
2. To confirm the directors' remuneration for 1997.
3. To receive and adopt the report of the directors, the financial statements and the report of the auditors for the year ended 31 December 1997.
4. To confirm the final dividend of £39.96 per ordinary share for 1997.
5. To reappoint the auditors, Robson Rhodes, and authorise the directors to fix their remuneration.
6. To transact any other business of an Annual General Meeting.

Cromwell Road  
Cambridge  
CB1 3YA

By order of the Board

  
D C E Ridgion  
Secretary  
28 April 1998

**REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 31 December 1997.

**Principal activity**

The principal activity of the company continues to be that of building material wholesalers and the directors intend to continue to develop this activity.

**Business review and future developments**

The directors consider the state of the company's affairs to be satisfactory and look forward to this continuing in the future.

**Results and dividend**

The result for the year is set out on page 6.

The directors recommend the payment of a final dividend of £55.94 per ordinary share (1996: £41.96) which after waivers represents a payment of £40,000 for the year.

**Directors**

The present directors of the company are set out on page 1.

Those directors (and their families) serving at the end of the year had interests in the share capital of the company at 31 December as follows:

	Ordinary shares of £1 each	
	1997	1996
R E Ridgeon	143	143
A K Ridgeon	143	143
	<hr/>	<hr/>

None of the other directors had any interest in the share capital of the company.

**REPORT OF THE DIRECTORS (continued)**

**Statement of directors' responsibilities for the financial statements**

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 have:

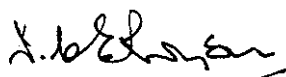
- ♦ selected suitable accounting policies and applied them consistently;
- ♦ made judgements and estimates that are reasonable and prudent;
- ♦ followed applicable accounting standards; and
- ♦ prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

**Auditors**

The auditors, Robson Rhodes are willing to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

The report of the directors was approved by the Board on 28 April 1998 and signed on its behalf by:



David Cyril Elliot Ridgion  
Secretary

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF CRS WHOLESALE (CAMBRIDGE) LIMITED**

We have audited the financial statements on pages 6 to 16 which have been prepared on the basis of accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

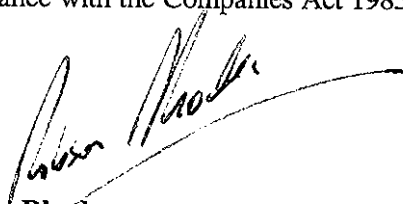
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure 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 affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Robson Rhodes**  
**Chartered Accountants and Registered Auditor**

**Cambridge**  
**28 April 1998**

**CRS WHOLESALE (CAMBRIDGE) LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover - continuing operations	2	6,431,920	5,743,978
Cost of sales		(5,880,505)	(5,344,547)
<b>Gross profit</b>		551,415	399,431
Administrative expenses		(235,243)	(175,418)
<b>Operating profit - continuing operations</b>	3	316,172	224,013
Income from fixed asset investment	5	1,875	1,563
Interest payable	6	(30,165)	(34,472)
<b>Profit on ordinary activities before taxation</b>		287,882	191,104
Tax on profit on ordinary activities	7	(64,995)	(44,112)
<b>Profit on ordinary activities after taxation being profit for the financial year</b>		222,887	146,992
Dividends	8	(40,000)	(24,000)
<b>Retained profit for the year</b>		182,887	122,992
Retained profit brought forward		1,419,861	1,296,869
<b>Retained profit carried forward</b>		1,602,748	1,419,861

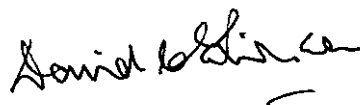
There were no recognised gains or losses other than those reported above.



**CRS WHOLESALE (CAMBRIDGE) LIMITED****BALANCE SHEET**  
**at 31 December 1997**

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	9	425,216	417,117
Investments	10	10,200	10,200
		<hr/>	<hr/>
		435,416	427,317
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	11	1,041,183	1,118,836
Debtors	12	1,193,356	950,210
		<hr/>	<hr/>
		2,234,539	2,069,046
<b>Creditors: Amounts falling due within one year</b>	13	(1,066,206)	(1,075,501)
		<hr/>	<hr/>
<b>Net current assets</b>		1,168,333	993,545
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,603,749	1,420,862
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	1,001	1,001
Profit and loss account		1,602,748	1,419,861
		<hr/>	<hr/>
<b>Shareholders' funds (all equity)</b>	16	1,603,749	1,420,862
		<hr/>	<hr/>

The financial statements were approved by the Board on 28 April 1998 and signed on its behalf by:



David Cyril Elliot Ridgeon  
Director

**CRS WHOLESALE (CAMBRIDGE) LIMITED**

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**CASH FLOW STATEMENT**

for the year ended 31 December 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	17	48,471	427,740
Returns on investment and servicing of finance			
Interest paid		(28,310)	(34,472)
Dividend received		1,500	1,250
Net cash outflow for returns on investments and servicing of finance		(26,810)	(33,222)
Taxation			
Corporation tax paid		(43,517)	(74,959)
Capital expenditure			
Payments to acquire tangible fixed assets		(102,064)	(131,394)
Receipt from sale of tangible fixed assets		26,194	1,225
Net cash outflow for capital expenditure		(75,870)	(130,169)
Equity dividends paid		(24,000)	(24,000)
(Decrease)/increase in cash	18	(121,726)	165,390

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1997**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention.

**Turnover**

Turnover represents amounts receivable, excluding value added tax, for goods delivered during the year.

**Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives, as follows:

Freehold buildings	4%
Plant and machinery	25%
Office equipment	25%
Motor vehicles	25%

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is purchase price. Net realisable value is based on estimated sales price after allowing for all further costs of disposal.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Advance corporation tax on dividends paid and provided for in the year is not written off if UK corporation tax liabilities for the period up to the next balance sheet date are expected to be sufficient to absorb the tax.

**Pensions**

The company participates in the Ridgeons Group Limited defined benefit pension scheme which is available to all qualifying employees who choose to join. The costs of providing pensions are estimated on the basis of independent actuarial advice, and are charged to the profit and loss account over the expected service lives of participating employees.

**NOTES TO THE FINANCIAL STATEMENTS****31 December 1997****1. ACCOUNTING POLICIES (continued)****Pensions (continued)**

The accounting policy follows the funding policy except where an actuarial valuation indicates a deficiency or a surplus. Such surpluses or deficiencies are for funding purposes dealt with as advised by the actuary. For accounting purposes they are spread over the expected remaining service lives of the participating employees.

**2. TURNOVER**

The turnover and pre-tax profit are wholly attributable to the principal activity of the company within the United Kingdom

**3. OPERATING PROFIT**

Operating profit is arrived at after charging:

	1997 £	1996 £
Depreciation of tangible fixed assets	66,951	49,255
Auditors' remuneration	3,660	3,550
Directors' emoluments	7,000	6,000
Profit on disposal of assets	(4,180)	(1,225)
	<hr/>	<hr/>

**4. EMPLOYEES**

Average weekly number of employees, including directors:

	1997 No	1996 No
Office and management	7	7
Sales and distribution	25	25
	<hr/>	<hr/>
	32	32
	<hr/>	<hr/>
Staff costs, including directors	£	£
Wages and salaries	423,773	393,175
Social security costs	35,911	32,938
	<hr/>	<hr/>
	459,684	426,113
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**CRS WHOLESALE (CAMBRIDGE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****31 December 1997****4. EMPLOYEES (continued)****Pensions**

The employees are members of the Ridgeon Group pension and life assurance scheme. Details of the defined benefit pension scheme are contained in Ridgeon Group Limited's financial statements.

**5. INCOME FROM FIXED ASSET INVESTMENT**

	1997 £	1996 £
Income from unlisted investment	1,875	1,563

**6. INTEREST PAYABLE**

	1997 £	1996 £
On bank overdraft	30,165	34,472

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Taxation charge for the year:

	1997 £	1996 £
Corporation tax at 22.22% (1996: 24.25%)	64,620	43,840
Tax on franked investment income	375	313
Adjustment for prior years	-	(41)
	64,995	44,112

**8. DIVIDENDS**

	1997 £	1996 £
<b>Proposed dividends</b>		
Ordinary dividend of £53.28 per share (1996: £41.96)	40,000	24,000

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1997**

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 1997	367,955	155,575	29,129	375,938	928,597
Additions	-	1,925	1,895	98,244	102,064
Disposals	-	-	-	(70,298)	(70,298)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	367,955	157,500	31,024	403,884	960,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 January 1997	96,077	68,524	24,515	322,364	511,480
Charged in year	12,011	22,595	2,210	30,135	66,951
Released on disposal	-	-	-	(43,284)	(43,284)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	108,088	91,119	26,725	309,215	535,147
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 1997	259,867	66,381	4,299	94,669	425,216
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	271,878	87,051	4,614	53,574	417,117
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**10. INVESTMENTS**

	Trade investment £
<b>Cost</b>	
At 1 January 1997 and 31 December 1997	10,200
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**CRS WHOLESALE (CAMBRIDGE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****31 December 1997****11. STOCKS**

	1997 £	1996 £
Goods for resale	1,041,183	1,118,836

**12. DEBTORS**

	1997 £	1996 £
Trade debtors	937,160	824,088
Other debtors	221,660	313
Prepayments	34,536	125,809
	<hr/>	<hr/>
	1,193,356	950,210
	<hr/>	<hr/>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Bank overdraft	485,922	364,196
Trade creditors	245,992	318,354
Corporation tax	64,995	38,152
Other taxation and social security	36,255	1,955
Other creditors	145,300	286,935
Accruals	47,742	41,909
Proposed dividends	40,000	24,000
	<hr/>	<hr/>
	1,066,206	1,075,501
	<hr/>	<hr/>

The bank overdraft is secured by a fixed charge on the company's freehold property and over the company's debts and a floating charge over all other assets of the company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1997****14. SHARE CAPITAL**

	1997 £	1996 £
<b>Authorised</b>		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
<b>Allotted and fully paid</b>		
1,001 ordinary shares of £1 each	1,001	1,001
	<hr/>	<hr/>

**15. RELATED PARTY TRANSACTIONS**

CRS Wholesale (Cambridge) Limited ("the company") supplies sanitary and heating equipment to companies wholly owned by Ridgeon Group Limited ("the group"). During 1997 the company sold £2,237,233 (1996: £1,609,049) to the group and purchased £450,041 (1996: £441,111) of building materials from the group. At 31 December 1997 the net amount owed to the company in respect of these transactions was £215,986 (1996: £9,630).

The company rents its property from the group. In 1997 it was charged £15,000 (1996: £15,000) and at 31 December owed £15,000 (1996: £15,000) in relation to this transaction. In 1997, the company was charged £90,000 (1996: £60,000) in respect of charges for management services by the group. At 31 December 1997 it owed £90,000 (1996: £60,000) in relation to this transaction.

Employees of the company are members of the group defined benefit pension scheme. No contributions were paid in 1997 (1996: £NIL) due to the group eliminating a surplus on the scheme by a contribution holiday.

The company is a related party to the group due to the parties being subject to common control by the Ridgeon Group Limited Board of Directors.



NOTES TO THE FINANCIAL STATEMENTS  
31 December 1997

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	222,887	146,992
Dividends	(40,000)	(24,000)
	<hr/>	<hr/>
Increase in shareholders' funds	182,887	122,992
Opening shareholders' funds	1,420,862	1,297,870
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Closing shareholders' funds	1,603,749	1,420,862
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1997**

**17. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating profit	316,172	224,013
Depreciation	66,951	49,255
Profit on sale of tangible fixed assets	(4,180)	(1,225)
Decrease/(increase) in stocks	77,653	(59,780)
(Increase)/decrease in debtors	(232,409)	145,529
(Decrease)/increase in creditors	(175,716)	69,948
	<hr/>	<hr/>
Net cash inflow from operating activities	48,471	427,740
	<hr/>	<hr/>

**18. ANALYSIS OF NET DEBT**

	Overdraft £
At 1 January 1996	(529,586)
Net cash	165,390
	<hr/>
At 1 January 1997	(364,196)
Net cash outflow	(121,726)
	<hr/>
At 31 December 1997	(485,922)
	<hr/>