BEACON ROOFING SUPPLY INC
Form 11-K
March 28, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

(Mark One):

x Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2007

OR

o Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number: **000-50924**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Beacon Sales Acquisition, Inc.

401(k) Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Beacon Roofing Supply, Inc.

One Lakeland Park Drive

Peabody, MA 01960

BEACON SALES ACQUISITION, INC.
401(k) PROFIT SHARING PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
(MODIFIED CASH BASIS)

YEARS ENDED SEPTEMBER 30, 2007 AND 2006

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Plan Administrator and Participants

Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan as of September 30, 2007 and 2006 and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 3, the financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits (modified cash basis) of the Plan at September 30, 2007 and 2006, and the changes in its net assets available for benefits (modified cash basis) for the years then ended, on the basis of accounting as described in Note 3.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of September 30, 2007 is presented for purposes of additional analysis and is not a required part of the financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 28, 2008

BEACON SALES ACQUISITION, INC. 401(K) PROFIT SHARING PLAN

Statements of Net Assets Available for Benefits (Modified Cash Basis)

September 30, 2007 and 2006

	2007	2006
Assets:		
Mutual funds	$ 66,326,663	$ 44,770,721
Common/collective trusts	9,713,895	7,277,102
Participant loans	2,265,223	1,786,020
Employer securities	487,521	554,526
Net assets available for benefits (at fair value)	78,793,302	54,388,369
Adjustment from fair value to contract value (Note 2)	173,722	132,475
Net assets available for benefits	$ 78,967,024	$ 54,520,844

See accompanying notes.

BEACON SALES ACQUISITION, INC. 401(K) PROFIT SHARING PLAN

Statements of Changes in Net Assets Available for Benefits (Modified Cash Basis)

Years ended September 30, 2007 and 2006

Additions:		2007		2006
Additions to net assets attributed to:				
Investment income:				
Net appreciation in fair value of investments	$	6,796,791	$	3,151,898
Interest and dividends		3,301,900		1,679,498
		10,098,691		4,831,396
Contributions:				
Employer		4,838,587		3,373,372
Participants		5,866,212		3,594,358
Transfers from affiliated plan		8,056,204		
Rollovers		1,719,334		509,763
		20,480,337		7,477,493
Total additions		30,579,028		12,308,889
Deductions:				
Deductions from net assets attributed to:				
Benefits paid to participants		6,111,457		3,186,951
Transfers to affiliated plan				2,629
Loan fees paid by loan recipients		21,391		16,856
Total deductions		6,132,848		3,206,436
Net increase		24,446,180		9,102,453
Net assets available for benefits:				
Beginning of year		54,520,844		45,418,391
End of year	$	78,967,024	$	54,520,844

See accompanying notes.

BEACON SALES ACQUISITION, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements (Modified Cash Basis)

Year Ended September 30, 2007

Note 1 - Description of Plan

The following description of Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the Plan Document, including the Adoption Agreement, for more complete information. The Plan Sponsor is Beacon Sales Acquisition, Inc. (the Company).

General - The Plan is a defined contribution plan covering all non-union employees of the Company who have completed ninety (90) days with the Company and are age twenty-one (21) or older. All employees covered by a collective bargaining agreement are excluded from participation. All employees who are non-resident aliens are excluded from participation as well. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective October 1, 2006, participants of the 401(k) plan of an additional subsidiary of the Company, Shelter Distribution, Inc. (the Shelter Plan), became participants of the Plan. Shortly thereafter, total Shelter Plan assets of approximately $8.1 million were transferred into the Plan.

Contributions - Each year, participants may contribute up to one hundred percent (100%) of their pre-tax annual compensation as defined in the Plan, subject to Internal Revenue Code (IRC) limitations ($15,500 for 2007). Individuals who are age fifty (50) or older and who contribute the maximum federal limit are eligible to make an additional contribution called a catch-up contribution . The allowed maximum catch-up contribution for 2007 was $5,000. Participants may also contribute amounts representing rollover distributions from other qualified plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Plan offers thirteen (13) mutual funds, one (1) common/collective trust fund, and the stock of the Company as investment options. All Company contributions are determined at the discretion of the Company s board of directors. For the years ended September 30, 2007 and 2006, the Company made matching contributions equal to fifty percent (50%) of the first 6% of a participant s elective contribution based on pre-tax eligible compensation. Additional amounts associated with profit sharing were contributed in those years and may be contributed in the future at the discretion of the Company s board of directors. These discretionary profit-sharing contributions totaled $2,705,824 and $2,309,087 during the years ended September 30, 2007 and 2006, respectively. Contributions are subject to certain IRC limitations.

Participant Accounts - Each participant s account is credited with the participant s contributions and allocations of a) the Company s contribution, b) Plan earnings, and c) Plan expenses. Allocations are based upon participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account. Forfeitures under the plan may be used to reduce the Company s contributions.

<u>Vesting</u> - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company s contributed portion of their accounts, plus the earnings thereon, is based on years of service. A participant is one hundred percent (100%) vested in both the discretionary and matching contributions after six (6) years of credited service (minimum 1,000 hours per Plan year). The following represents the vesting schedules for both the discretionary profit-sharing and discretionary matching   Company contributions:

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BEACON SALES ACQUISITION, INC. 401(K) PROFIT SHARING PLAN

Notes to Financial Statements (Modified Cash Basis) - Continued

Year Ended September 30, 2007

Note 1 - Description of Plan - Continued

Years of Service	**Vested Percentage**
Less than two (2) years	0%
Two (2) years	20%
Three (3) years	40%
Four (4) years	60%
Five (5) years	80%
Six (6) years	100%

Participant Loans - Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or fifty percent (50%) of their vested account balance. For the year ended September 30, 2007, the interest rates charged on participant loans ranged from 5.00% to 9.25%. Principal and interest amounts are paid weekly through payroll deductions. Participants are charged a fee when taking out a loan. For the years ended September 30, 2007 and 2006, there were fees of $21,391 and $16,856 charged to loan recipients, respectively.

Payment of Benefits - On termination of service for any reason, a participant may receive a lump-sum amount equal to the participant s vested interest in his or her account.

Forfeitures - Forfeitures of the non-vested portion of participant accounts may be used to reduce future Company discretionary and matching contributions. Total forfeitures of $92,029 and $259,247 were used to offset Company contributions in the years ended September 30, 2007 and 2006, respectively. At September 30, 2007 and 2006, the balance in the forfeitures account totaled $225,742 and $90,034, respectively.

Plan Administrator/Record Keeper - American Funds Distribution, Inc. is the Plan Administrator and is responsible for the content and issuance of the Plan s reports. FAS Core is the Record Keeper and Smith Barney is agent of record for the Plan.

Trustees - Capital Bank and Trust Co. is the Plan Trustee. Certain executives of the Company are responsible for the allocation of fiduciary responsibilities and the delegation of administrative duties, including the maintaining of the Plan s records.

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