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WILLINGTON MEDICALS LIMITED

STATEMENT OF ACCOUNTS

30TH SEPTEMBER 1989

KPMG PEAT MARWICK McLINTOCK



KPMG PEAT MARWICK McLINTOCK

Chartered Accountants

Churchill House, Regent Road, Stoke-on-Trent, ST 3RG

1.

WILLINGTON MEDICALS LIMITED  
REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 30th September 1989.

Principal activities

The company continued to trade as suppliers of veterinary medicines and equipment.

Results and future developments

The results for the period are shown on page 4.

During the year the process of modernising the branch network continued with the business previously conducted from Reading being transferred to larger premises in Bristol and the business previously served from Shrewsbury, Derby and Whitefield transferred to Stoke.

On 16th February 1990, the company announced the transfer of the business previously served by its Bristol and Dunmow depots to Stoke, with the closure of the two smaller branches by the end of March 1990.

Dividend

The directors do not propose the payment of a dividend for the year (1988 - £280,000).

Fixed assets

The changes in fixed assets during the period are summarised in note 9 on page 10 of the accounts.

Directors and their interests

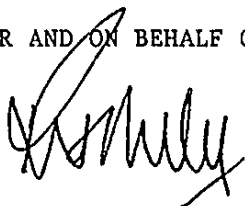
The directors who served during the period are listed below. None of the directors had any interest in the shares of the company. The interests of the directors in the share capital of Macarthy plc are as follows:-

	<u>Ordinary shares of 20p each</u>	
	<u>At 30th September 1989</u>	<u>At 1st October 1988 or date of appointment</u>
J. Withington (appointed 1st November 1988, resigned 16th June 1989)	Nil	Nil
P. Ashton (resigned 24th August 1989)	Nil	Nil
K. Beevers	Nil	Nil
M.A.W. Baggott	2,000	2,000
S.E. Oakley	1,000	1,000
D.C. White (appointed 1st November 1988)	Nil	Nil

WILLINGTON MEDICALS LIMITEDREPORT OF THE DIRECTORS (CONTINUED)Auditors

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD



Secretary

12 January 1990

KPMG Peat Marwick McLintock

WILLINGTON MEDICALS LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS OF  
WILLINGTON MEDICALS LIMITED

We have audited the financial accounts on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial accounts give a true and fair view of the state of the company's affairs at 30th September 1989 and of the loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Churchill House,  
Regent Road,  
Stoke-on-Trent.  
12<sup>th</sup> January 1990

*KPMG Peat Marwick McLintock*

Chartered Accountants

WILLINGTON MEDICALS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE PERIOD ENDED 30TH SEPTEMBER 1989

	<u>Notes</u>	<u>£</u>	<u>1st</u> <u>October</u> <u>1988</u> <u>£</u>
TURNOVER	2	19,086,233	25,944,424
Cost of sales		(18,534,204)	(24,122,489)
GROSS PROFIT		552,029	1,821,935
Distribution costs		(1,456,285)	(1,331,035)
Administrative expenses		(432,800)	(487,187)
OPERATING (LOSS)/PROFIT		(1,337,056)	3,713
Exceptional item	3	(215,943)	(68,675)
Interest (payable)/receivable	4	(218,061)	14,846
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,771,060)	(50,116)
Taxation on loss on ordinary activities	8	525,935	3,979
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,245,125)	(46,137)
LOSS FOR THE FINANCIAL PERIOD		(1,245,125)	(46,137)
Dividend paid/proposed		-	(280,000)
RETAINED LOSS FOR THE FINANCIAL PERIOD		(1,245,125)	(326,137)
Retained profit brought forward		1,127,666	1,453,803
RETAINED (LOSS)/PROFIT CARRIED FORWARD		(117,459)	1,127,666

The attached notes form part of these accounts.

WILLINGTON MEDICALS LIMITEDBALANCE SHEET AT 30TH SEPTEMBER 1989

	<u>Notes</u>	£	£	£	<u>1988</u>	£
<u>FIXED ASSETS</u>						
Tangible assets	9		526,924			308,397
<u>CURRENT ASSETS</u>						
Stocks	10	2,770,486		3,673,686		
Debtors	11	2,408,129		3,130,664		
Cash at bank and in hand		<u>755</u>		<u>3,991</u>		
		5,179,370		6,808,341		
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>						
	12	(5,814,753)		(5,960,137)		
<u>NET CURRENT (LIABILITIES)/ASSETS</u>			(635,383)			<u>848,204</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			(108,459)			1,156,601
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	13		-			(19,935)
<u>NET (LIABILITIES)/ASSETS</u>			<u>(108,459)</u>			<u>1,136,666</u>
<u>CAPITAL AND RESERVES</u>						
Called up share capital	14		9,000			9,000
Profit and loss account			(117,459)			1,127,666

The accounts were approved  
by the Board of Directors  
on 12 January 1990

*[Signature]*  
*[Signature]*  
)  
) Directors  
)

(108,459)

1,136,666

The attached notes form part of these accounts.

WILLINGTON MEDICALS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE PERIOD ENDED 30TH SEPTEMBER 1989

	<u>1st October</u> <u>1988</u>	
	£	£
<u>SOURCE OF FUNDS</u>		
Loss before taxation	(1,771,060)	(50,116)
Adjustment for item not involving the movement of funds:-		
Depreciation (after adjusting for disposals)	<u>135,337</u>	<u>118,383</u>
<u>TOTAL GENERATED FROM OPERATIONS</u>	(1,635,723)	68,267
<u>FUNDS FROM OTHER SOURCES</u>		
Sale of fixed assets	55,108	93,863
Group relief received	<u>506,000</u>	<u>-</u>
	(1,074,615)	162,130
<u>APPLICATION OF FUNDS</u>		
Purchase of fixed assets (net of inter group transfers)	(408,972)	(82,067)
Group relief paid	-	(353,522)
Dividends paid	-	(530,000)
Reorganisation costs	-	(24,990)
ACT paid	<u>(93,333)</u>	<u>-</u>
	(502,305)	(990,579)
<u>DECREASE IN WORKING CAPITAL</u>	(1,576,920)	(828,449)
<u>COMPONENTS OF DECREASE IN WORKING CAPITAL</u>		
Stocks	(903,200)	104,036
Debtors	(722,535)	(648,448)
Creditors	<u>(451,510)</u>	<u>774,943</u>
	(2,077,245)	230,531
<u>Movement in net liquid funds</u>		
Cash at bank and in hand	(3,236)	(535,295)
Bank loans and overdrafts	<u>503,561</u>	<u>(523,685)</u>
	500,325	(1,058,980)
	(1,576,920)	(828,449)

WILLINGTON MEDICALS LIMITEDNOTES TO THE ACCOUNTS1. Accounting policies(a) Basis of accounts

These accounts have been prepared under the historical cost convention and on a going concern basis which assumes that the company will continue to trade, as the holding company, Macarthy plc, has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

(b) Depreciation

Tangible assets are depreciated on a straight line basis at annual rates estimated to write them off over their estimated useful lives. The rates used are as follows:-

Freehold buildings	- 2% per annum
Long leasehold land & buildings	- over period of the lease
Motor vehicles	- 25% and 33 <sup>1</sup> / <sub>3</sub> % per annum
Furniture and equipment	- 10% to 20% per annum

(c) Stocks

Valuation of stock is at the lower of cost and net realisable value.

(d) Deferred taxation

Deferred taxation is provided only to the extent that a liability is expected to become payable within the foreseeable future.

(e) Leased assets

The annual rentals on operating leases are charged to the profit and loss account as incurred.

(f) Pension scheme

The company is a member of the Macarthy Group Pension Scheme, a defined benefit scheme. Pension costs have been accounted for this year for the first time in accordance with Statement of Standard Accounting Practice No. 24 ("SSAP 24"). The adjustment arising on implementation of SSAP 24 is being spread over the average remaining service lives of current employees in accordance with the Standard.

2. Turnover

Turnover represents amounts invoiced in respect of goods sold during the period, excluding value added tax.

3. Exceptional item

This relates to exceptional costs arising on the closure of the branches at Ayr, Aberdeen, Reading, Shrewsbury and Whitefield.



WILLINGTON MEDICALS LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)

		<u>1st</u> <u>October</u> <u>1988</u> £
4. <u>Interest payable</u>	<u>1989</u> £	
Payable on bank balance to Group companies	<u>218,061</u>	<u>(14,846)</u>
5. <u>Loss on ordinary activities</u> <u>before taxation</u>	£	£
The loss on ordinary activities before taxation is stated after charging the following:-		
Depreciation	140,917	119,948
Directors' emoluments (see note 7)	71,983	54,878
Auditors' remuneration and expenses	17,145	14,900
Rentals payable under operating leases:-		
- Hire of equipment	13,417	13,157
- Other operating leases	<u>45,961</u>	<u>76,030</u>
6. <u>Staff numbers and costs</u>	<u>1989</u> <u>Number</u>	<u>1988</u> <u>Number</u>
The average number of persons employed by the company (including directors) during the period was as follows:	<u>112</u>	<u>120</u>
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	907,194	920,729
Social security costs	<u>73,747</u>	<u>66,326</u>
	<u>980,941</u>	<u>987,055</u>

WILLINGTON MEDICALS LIMITED

9.

NOTES TO THE ACCOUNTS (CONTINUED)

7. Directors' emoluments

	<u>1989</u> £	<u>1st</u> <u>October</u> <u>1988</u> £
Fees as directors	64,921	51,400
Other emoluments (including pension contributions)	<u>7,062</u>	<u>3,478</u>
	<u>71,983</u>	<u>54,878</u>

Emoluments (excluding pension contributions) of:

	£	£
Chairman	nil	nil
Highest paid director	<u>38,768</u>	<u>26,253</u>

Other directors received emoluments (excluding pension contributions) in the following ranges:

	<u>1989</u> <u>Number</u>	<u>1988</u> <u>Number</u>
£nil - £ 5,000	1	3
£5,000 - £10,000	1	-
£10,000 - £15,000	1	-
£25,000 - £30,000	-	1
£35,000 - £40,000	<u>1</u>	<u>-</u>

8. Tax on profit on ordinary activities

	£	£
Corporation tax credit on losses for the period at 35% (1988 - 35%)	(506,000)	-
Under provision in prior year	-	4,124
Transfer from deferred taxation account	<u>(19,935)</u>	<u>(8,103)</u>
	<u>(525,935)</u>	<u>(3,979)</u>

## WILLINGTON MEDICALS LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

9. <u>Tangible assets</u>	<u>Land and buildings</u>			<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long leasehold property</u>	<u>Short leasehold property</u>			
<u>Cost</u>	£	£	£	£	£	£
At 1st October 1988	-	32,915	3,921	346,947	252,188	635,971
Additions	22,234	-	-	30,094	43,844	96,172
Inter group transfers	216,877	-	-	126,045	77,933	420,855
Disposals	-	(32,915)	(3,921)	(114,590)	(37,518)	(188,944)
At 30th September 1989	239,111	-	-	388,496	336,447	964,054
<u>Depreciation</u>						
At 1st October 1988	-	7,899	2,647	191,042	125,986	327,574
Charge for the year	2,391	-	-	50,714	87,812	140,917
Inter group transfers	-	-	-	62,492	45,563	108,055
On disposals	-	(7,899)	(2,647)	(96,855)	(32,015)	(139,416)
At 30th September 1989	2,391	-	-	207,393	227,346	437,130
<u>Net book value</u>						
At 30th September 1989	236,720	-	-	181,103	109,101	526,924
At 1st October 1988	-	25,016	1,274	155,905	126,202	308,397

WILLINGTON MEDICALS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)

	<u>1989</u> £	<u>1988</u> £
<b>10. Stocks</b>		
Finished goods and goods for resale	2,770,486	3,673,686
	<u>2,770,486</u>	<u>3,673,686</u>
<b>11. Debtors</b>	£	£
Trade debtors	1,770,058	2,814,950
Amounts owed by group companies	517,724	97,189
Other debtors	-	55,842
Prepayments and accrued income	27,014	69,350
Advance corporation tax recoverable	93,333	93,333
	<u>2,408,129</u>	<u>3,130,664</u>
<b>12. Creditors: amounts falling due within one year</b>	£	£
Bank loans and overdrafts	20,124	523,685
Trade creditors	1,920,385	3,061,785
Amounts owed to group companies	98,162	314,775
Amounts owed to holding company	3,630,185	1,843,534
Other creditors including tax and social security	105,976	170,356
Accruals and deferred income	39,921	46,002
	<u>5,814,753</u>	<u>5,960,137</u>
<b>Other creditors including taxation and social security comprises:</b>	£	£
Corporation tax	-	-
ACT payable	-	93,333
Other taxes	84,399	65,048
Social security	11,577	9,941
	<u>95,976</u>	<u>168,322</u>
Other creditors	10,000	2,034
	<u>105,976</u>	<u>170,356</u>

WILLINGTON MEDICALS LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)13. Provisions for liabilities and charges

	<u>Deferred taxation</u> £
Balance at 1st October 1988	19,935
Credit for the period in the profit and loss account - deferred tax	<u>(19,935)</u>
Balance at 30th September 1989	<u>-</u>

Deferred taxation has been provided in full as follows:

	<u>1989</u> £	<u>1988</u> £
Accelerated capital allowances	-	19,935
Other timing differences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>19,935</u>

14. Share capital

	£	£
<u>Authorised</u>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<u>Allotted, called up and fully paid</u>	£	£
9,000 ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>

15. Capital commitments

Capital commitments at 1st October 1989 for which no provision has been made in these accounts were as follows:-

	<u>1989</u> £	<u>1988</u> £
Contracted	10,200	-
Authorised but not contracted	<u>97,426</u>	<u>-</u>

WILLINGTON MEDICALS LIMITED

13.

NOTES TO THE ACCOUNTS (CONTINUED)

16. Commitment under operating leases

At 30th September 1989 the annual commitment under non-cancellable operating leases was:

	<u>Land and buildings</u>	
	<u>1989</u>	<u>1988</u>
<u>Operating leases which expire:</u>	£	£
- within one year	-	8,025
- in the second to fifth years inclusive	-	28,650
- after five years	28,730	39,355

17. Contingent liabilities

The company has given an unlimited guarantee in respect of the overdraft facilities of the holding company.

18. Ultimate holding company

The ultimate holding company is Macarthy plc, a company incorporated in England.

19. Pension scheme

In accordance with the provisions of SSAP 24 the effect of pension on the profit and loss account before taxation was a credit of £13,000 arising from the amortisation of surpluses over a period of 13 years, being the weighted average remaining service lives of the currently active members of the scheme. On the basis of advice of consulting Actuaries no contributions are being paid to the scheme for the time being. The assumptions used in accounting for pension cost were the same used in the most recent actuarial valuation which was performed at 1st January 1989 details of which are included in the financial statements of the parent company, Macarthy PLC.