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B. M. Drew
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SUTCLIFFE CATERING COMPANY
(MIDLANDS) LIMITED

REPORT AND ACCOUNTS
24th MARCH 1978

PEAT, MARWICK, MITCHELL & CO.,
21 The Crescent,
King Street,
Leicester,
LE1 6RX.



SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the accounts for the year ended 24th March 1978.

Results:

The results for the year are shown in the annexed accounts together with the notes thereto. The directors recommend a dividend amounting to £116,000 (1977 £84,000).

Principal activity:

The principal activity of the company during the year continued to be Industrial Catering which accounted for the whole turnover.

The company did not make any direct exports during the year. (1977, None).

Directors:

The following were directors of the company during the year:

J. K. R. Graveney	(Chairman)
G. R. F. Wishart	(Managing)
A. J. Brown	
S. N. H. Carter	
M. Warrior	- resigned 25th March 1978

Since the year end, two directors have been appointed:

J. E. Diaper	- on 18th May 1978
C. Hind	- on 1st June 1978

Ultimate holding company:

The ultimate holding company is Town & City Properties Limited which is incorporated in England.

Directors' interests:

No director had an interest in the shares of the company during the year.

The interests of directors in the ultimate holding company are as follows:

	<u>1978</u>	<u>1977</u>
Options for ordinary shares of 10p each		
S. N. H. Carter	20,000	20,000
M. Warrior	20,000	20,000

These options are exercisable at prices between 10¹/₂p and 20p per share in various periods between 19th December 1977 and 20th January 1985.

The shareholdings of Messrs. J. K. R. Graveney, G. R. F. Wishart and A. J. Brown are shown in the accounts of Sutcliffe Catering Group Limited.

No director had any material interest in any significant contract with the company during the year, other than service contracts.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

REPORT OF THE DIRECTORS
(continued)

Freehold property:

In the opinion of the directors, the value of the property held by the company is materially in excess of its book value.

Auditors:

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,

B. M. Drew

Secretary.

40 The Mall,
Ealing,
London W5 3TJ.
7th July 1978.

REPORT OF THE AUDITORS TO THE MEMBERS OF
SUTCLIFF CATERING COMPANY (MIDLANDS) LIMITED

We have examined the accounts set out on pages 4 to 9 which have been prepared under the historical cost convention. In our opinion the accounts give, under that convention, a true and fair view of the state of the company's affairs at 24th March 1978 and of the profit and source and application of funds for the year to that date and comply with the Companies Acts 1948 and 1967.

LEICESTER.

7th July 1978.



Chartered accountants.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24th MARCH 1978

	<u>Note</u>	<u>1978</u>	<u>1977</u>
TURNOVER	2	<u>£821,141</u>	<u>£611,890</u>
PROFIT BEFORE TAXATION	3	231,187	175,326
Taxation	4	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION		231,187	175,326
Proposed dividend		<u>116,000</u>	<u>84,000</u>
Profit retained		115,187	91,326
Balance brought forward		<u>210,545</u>	<u>119,219</u>
BALANCE CARRIED FORWARD		<u>£325,732</u>	<u>£210,545</u>

The attached notes form
part of these accounts.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

BALANCE SHEET AT 24th MARCH 1978

	<u>Note</u>	<u>1978</u>	<u>1977</u>
ASSETS EMPLOYED			
Fixed assets	5	£ 168,380	£139,894
Inter-group balances:	6		
Amounts due to other group companies		£ (9,855)	£ (3,534)
Amounts due from other group companies		<u>259,608</u>	<u>69,840</u>
		249,753	66,306
Current assets:			
Stocks		204,960	168,772
Debtors		668,725	497,945
Bank balances and cash		<u>51,012</u>	<u>117,913</u>
		924,697	784,630
		<u>£1,342,830</u>	<u>£990,830</u>
FINANCED BY			
Share capital	7	500	500
Capital reserve		25,957	25,957
Profit and loss account		<u>325,732</u>	<u>210,545</u>
		352,189	237,002
Current liabilities:			
Creditors		990,641	753,828
		<u>£1,342,830</u>	<u>£990,830</u>



} Directors

The attached notes form part of these accounts.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 24th MARCH 1978

SOURCE OF FUNDS	<u>1978</u>	<u>1977</u>
Profit before taxation	£231,187	£175,326
Depreciation	71,525	57,134
	<u>302,712</u>	<u>232,460</u>
Profit on sale of fixed assets	9,902	2,267
	<u>292,810</u>	<u>230,193</u>
Total funds generated from operations		
Disposal proceeds of fixed assets	16,706	5,434
	<u>309,516</u>	<u>235,627</u>
APPLICATION OF FUNDS		
Dividends paid	£ 84,000	£66,000
Purchase of fixed assets	<u>106,815</u>	<u>76,823</u>
	<u>190,815</u>	<u>142,823</u>
	<u>£118,701</u>	<u>£92,804</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	36,188	43,105
Debtors	170,780	29,433
Creditors	(236,813)	(134,759)
Group balances	215,447	200,603
Decrease in net liquid funds	<u>(66,901)</u>	<u>(45,578)</u>
	<u>£118,701</u>	<u>£92,804</u>

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

24th MARCH 1978

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

The principal accounting policies of the company that have been adopted in the preparation of the accounts are shown below. These policies have been applied consistently with previous years.

Properties:

No valuation of properties has been undertaken at the balance sheet date. Properties are therefore stated at cost.

Depreciation:

No provision for depreciation is made in respect of freehold property. Other fixed assets are depreciated on a straight line basis over the expected life of the asset concerned.

Stock:

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

2. TURNOVER

This represents fees earned from the operations of canteens and the amounts charged for the sale and leasing of canteen equipment.

In addition there were sales on behalf of third parties for whom canteens are operated of £6,663,653 (1977 £4,857,602).

3. PROFIT BEFORE TAXATION

This is arrived at after charging or crediting the following:

	<u>1978</u>	<u>1977</u>
Depreciation	£71,525	£57,134
Hire of plant and machinery	-	4,259
Auditors' remuneration	3,400	3,200
Group management charge	56,875	47,160
Hire purchase interest	8,187	11,015
Interest received	(17,283)	(10,370)
Directors' emoluments (see note)	<u>37,977</u>	<u>36,172</u>

Note:

Directors' emoluments:

(i) The aggregate emoluments of the directors of the company are:

Salaries and commissions	32,138	30,526
Pension scheme contributions	<u>5,839</u>	<u>5,646</u>
	<u>£37,977</u>	<u>£36,172</u>

(ii) The emoluments of the Chairman were:

NIL NIL

(iii) The emoluments of the highest paid director were:

£15,175 £15,000

(iv) The number of other directors whose remuneration, excluding pension contributions, fell within the ranges indicated was:

£0 - £2,500	1	1
£5,001 - £7,500	-	1
£7,501 - £10,000	<u>2</u>	<u>1</u>

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

24th MARCH 1978

NOTES ON THE ACCOUNTS
(continued)

4. TAXATION

As a result of the incidence of losses in the Town & City Properties Limited group, no corporation tax liability arises in respect of the year ended 24th March 1978. The amount of losses which are available for surrender to this company are estimated at £232,409 (1977 £160,255).

Under arrangements for group relief no payments are made between group companies for losses surrendered.

No provision has been made for any deferred tax liability resulting from timing differences, principally on stock relief and accelerated capital allowances, which at 24th March 1978 at corporation tax rates of 52% are estimated to amount to £40,204. (1977 £37,839).

5. FIXED ASSETS	Freehold property	Motor vehicles equipment and furniture	Total
Cost:			
At 25th March 1977	£29,400	213,319	242,719
Additions	-	106,815	106,815
Disposals	-	(43,674)	(43,674)
At 24th March 1978	£29,400	276,460	305,860
Depreciation:			
At 25th March 1977	£ -	102,825	102,825
Charge for the year	-	71,525	71,525
Disposals	-	(36,870)	(36,870)
At 24th March 1978	£ -	137,480	137,480
Net book amounts:			
At 24th March 1978	£29,400	138,980	168,380
At 24th March 1977	£29,400	110,494	139,894

6. INTER-GROUP BALANCES

Amounts due from other group companies include the proposed dividend payable of £116,000 (1977 £84,000).

7. SHARE CAPITAL

	<u>Authorised</u>	<u>Issued and fully paid</u>
At 24th March 1977 and 1978		
Ordinary shares of £1 each	£5,000	£500

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

24th MARCH 1978

NOTES ON THE ACCOUNTS
(continued)

8. CAPITAL COMMITMENTS

There were outstanding at 24th March 1978 no commitments in respect of capital expenditure not provided for in the accounts (1977 - Nil).

9. CONTINGENT LIABILITIES

There is a floating charge on the assets and undertaking of the company, jointly and severally with other companies, as security for £47,501 4% first mortgage debenture stock and for £494,224 7½% debenture stock 1987/92 issued by Olympia Limited.

Under a group registration the company is jointly and severally liable for value added tax due by other group registration companies. At 24th March 1978 this contingent liability amounted to £1,013,270 (1977 £778,074).

10. ULTIMATE HOLDING COMPANY

The ultimate holding company is Town & City Properties Limited which is incorporated in England.