

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report, together with the accounts for the fifteen months ended 31st March 1975.

Results:

The results for the period are set out in the annexed accounts. The directors recommend a dividend amounting to £50,000 (1973 £8,000).

Principal activity:

The principal activity of the company is industrial catering. There has been no change in the activity during the period.

Directors:

The following have been directors of the company during the period:

J. K. R. Graveney	(Appointed 21st March 1975)
A. P. O'Brien	(Resigned 31st March 1975)
G. R. F. Wishart	
A. J. Brown	(Appointed 1st January 1974)
S. N. H. Carter	
C. R. H. Lawson	(Appointed 1st January 1975)
M. E. S. Verstringhe	
M. Warrior	

Messrs. M. E. S. Verstringhe and M. Warrior retire by rotation and Messrs. J. K. R. Graveney and C. R. H. Lawson, having been appointed since the last Annual General Meeting, also retire. These directors, being eligible, offer themselves for re-election.

Directors' interests:

The shareholdings in the group of Messrs. Graveney, Wishart, Brown and Verstringhe are exempt from disclosure. The other directors had no shareholdings at 1st January 1974 or 31st March 1975 but held at the period end options to purchase ordinary shares of 10p each in the ultimate holding company as follows:

	<u>Shares</u>
S. N. H. Carter	20,000
C. R. H. Lawson	20,000
M. Warrior	20,000

Freehold property:

In the opinion of the directors the value of the company's freehold property is materially in excess of its book value.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

REPORT OF THE DIRECTORS
(continued)

Exports:

No goods were exported during the period.

Auditors:

The auditors, Messrs. Peat, Marwick, Mitchell & Co., continue in office in accordance with Section 159 of the Companies Act, 1948.

By order of the board,

J. W. CARTER,

Secretary.

40 The Mall,
Ealing,
London W5 3TJ.
3rd July 1975.

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

We have examined the balance sheet and profit and loss account together with the notes thereon, set out on pages 4 to 8. In our opinion they comply with the Companies Acts 1948 and 1967 and give respectively a true and fair view of the state of the company's affairs at 31st March 1975 and of the profit for the fifteen months to that date.

LEICESTER.

PEAT, MARWICK, MITCHELL & CO.,

3rd July 1975.

Chartered accountants.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE FIFTEEN MONTHS ENDED 31st MARCH 1975

	<u>Note</u>	<u>1975</u>	<u>9 months ended</u> <u>31st December 1973</u>
TURNOVER	1(a)	£434,344	£242,526
TRADING PROFIT	2	31,929	29,100
Provision for additional creditors	3	10,000	(10,000)
PROFIT BEFORE TAXATION		41,929	19,100
Taxation	4	14,810	11,036
PROFIT AFTER TAXATION		27,119	8,064
Balance brought forward		108,638	108,574
		135,757	116,638
Dividend - proposed		50,000	8,000
BALANCE CARRIED FORWARD		£ 85,757	£108,638

The notes referred to above
form part of these accounts.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

BALANCE SHEET AT 31st MARCH 1975

	<u>Note</u>	<u>1975</u>	<u>31st December 1973</u>
EMPLOYMENT OF CAPITAL			
Fixed assets	5	£ 85,535	£ 74,324
Current assets:			
Stocks	1(c)	£113,045	£117,763
Debtors		473,050	535,384
Balance at bank and cash in hand		<u>111,655</u>	<u>17,862</u>
		<u>£697,750</u>	<u>£771,009</u>
Current liabilities:			
Creditors		525,155	538,738
Inter-group accounts	6	78,806	109,742
Current taxation		3,032	35,698
Proposed dividend		50,000	8,000
Bank overdraft		<u>-</u>	<u>14,340</u>
		<u>£656,993</u>	<u>£706,518</u>
Net current assets		<u>40,757</u>	<u>64,491</u>
		<u>£126,292</u>	<u>£138,815</u>
CAPITAL EMPLOYED			
Share capital	7	500	500
Capital reserve		25,957	25,957
Profit and loss account		<u>85,757</u>	<u>108,638</u>
		<u>112,214</u>	<u>135,095</u>
Deferred taxation	1(d) & 8	14,078	3,720
J. K. R. GRAVENLY	} Directors		
G. R. F. WISHART			
		<u>£126,292</u>	<u>£138,815</u>

The notes referred to above
form part of these accounts.

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED31st MARCH 1975NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Turnover

Turnover represents fees earned from the operation of canteens and vending machines, and the amounts charged for the sale and leasing of canteen and vending equipment.

(b) Depreciation

Depreciation is provided in equal instalments on the cost of fixed assets exclusive of freehold property at rates calculated to write off the assets over their estimated useful lives as follows:

Plant, machinery and office equipment	5 - 10 years
Motor vehicles	4 years

(c) Stocks

Stocks are valued at the lower of cost and net realisable value on a basis consistent with the previous period.

(d) Deferred taxation

Provision is made for deferred taxation at the current rate on:

- (i) the excess of book over tax written down value of fixed assets excluding freehold land
- and on (ii) stock appreciation relief

2. TRADING PROFIT

This is arrived at after charging or crediting the following:

	<u>15 months ended 31st March 1975</u>	<u>9 months ended 31st December 1973</u>
Depreciation	£22,306	£11,187
Auditors' remuneration	2,000	1,600
Group management charge	55,244	33,800
Interest received	<u>(2,865)</u>	<u>-</u>
Directors' emoluments:		
Salaries and commissions	31,346	17,120
Pension scheme contributions	<u>4,181</u>	<u>3,826</u>
	<u>£35,527</u>	<u>£20,946</u>
Directors' emoluments comprise:		
Chairman	NIL	NIL
Highest paid director	£15,754	£4,558
Others:		
£0 - £2,500	4	4
£2,501 - £5,000	-	2
£5,001 - £7,500	1	-
£7,501 - £10,000	1	-

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

31st MARCH 1975

NOTES ON THE ACCOUNTS
(continued)

3. PROVISION FOR ADDITIONAL CREDITORS

A provision of £10,000 was made by the company at 31st December 1973 in respect of any liabilities not recorded at that date which would not be recharged to the company's clients. All such liabilities were recharged during the period and accordingly the provision has been credited to profit and loss account.

4. TAXATION

The company has not provided for corporation tax on the profits for the period due in view of tax losses available for surrender by the ultimate holding company.

The charge in the profit and loss account is made up as follows:

	15 months ended 31st March 1975	9 months ended 31st December 1973
Corporation tax at 52% on the profit for the period after taking into account the loss of a fellow subsidiary	£ -	£ 7,650
Payment for loss relief	6,070	-
Transfer to deferred taxation	8,640	3,720
Adjustment for prior years	100	(334)
	<u>£14,810</u>	<u>£11,036</u>

5. FIXED ASSETS

	Freehold property	Motor vehicles equipment and furniture	Total
Cost:			
At 1st January 1974	£29,400	83,089	112,489
Additions	-	43,770	43,770
Group transfers (net)	-	(6,073)	(6,073)
Disposals	-	(15,575)	(15,575)
At 31st March 1975	<u>£29,400</u>	<u>105,211</u>	<u>134,611</u>
Depreciation:			
At 1st January 1974	-	38,165	38,165
Charge for period	-	22,306	22,306
Group transfers (net)	-	(1,693)	(1,693)
Disposals	-	(9,702)	(9,702)
At 31st March 1975	<u>-</u>	<u>£49,076</u>	<u>49,076</u>
Net book amount:			
At 31st March 1975	<u>£29,400</u>	<u>56,135</u>	<u>85,535</u>
At 31st December 1973	<u>£29,400</u>	<u>44,924</u>	<u>74,324</u>

The company had no commitments in respect of the purchase of capital equipment at 31st March 1975 (1973 - NIL).

SUTCLIFFE CATERING COMPANY (MIDLANDS) LIMITED

31st MARCH 1975

NOTES ON THE ACCOUNTS
(continued)

6. INTER-GROUP ACCOUNTS

	<u>1975</u>	<u>31st December 1973</u>
Amount due to immediate holding company	£88,887	£122,173
Amounts due to fellow subsidiaries	—	5,366
	88,887	127,539
Amounts due from fellow subsidiaries	<u>10,081</u>	<u>17,797</u>
	<u>£78,806</u>	<u>£109,742</u>

7. SHARE CAPITAL

	<u>Authorised</u>	<u>Issued and fully paid</u>
At 31st December 1973 and at 31st March 1975:		
Ordinary Shares of £1 each	<u>£5,000</u>	<u>£500</u>

8. DEFERRED TAXATION

Deferred taxation is made up as follows:

	<u>1975</u>	<u>31st December 1973</u>
Fixed assets	£12,360	£3,720
Stock appreciation relief	<u>1,718</u>	—
	<u>£14,078</u>	<u>£3,720</u>

Tax of £1,718 attributable to stock appreciation relief in respect of the nine months to 31st December 1973 has been transferred from current taxation.

9. HIRE PURCHASE AND LEASING AGREEMENTS

The company has future commitments in respect of hire purchase and leasing agreements relating to vending machines situated on clients' premises.

10. FLOATING CHARGE

There is a floating charge on the assets and undertaking of the company, jointly and severally with other companies, as security for £188,905 4% First Mortgage Debenture Stock and for £573,292 7½% Debenture Stock 1987/92 issued by Olympia Limited, a fellow subsidiary.

11. ULTIMATE HOLDING COMPANY

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

Name, nationality (if other than British) and date of birth (where applicable)	Address	Business occupation and particulars of other directorships
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Colin Robert Hamilton Lawson
25.8.42

11 Wood Cottage, Iverly,
Stourbridge, Worcs.

caterer

DIRECTORSHIPS

J.K.R. GRAVENEY

Sutcliffe Catering Group Limited
Sutcliffe Catering Company (Midlands) Limited
Sutcliffe Catering Company (Northern) Limited
Sutcliffe Catering Company (Southern) Limited
Sutcliffe Catering Company (East Anglia) Limited
Sutcliffe Catering Company (Wales) Limited
Sutcliffe Catering Company (West of England) Limited
Sutcliffe Catering Company (New South Wales) Limited
S.A. Sutcliffe Catering Belgium N.V.
Sutcliffe, Hill & Company Limited
Sutcliffe Catering Group Services Limited
Sutcliffe Catering Company Limited
Sutcliffe Catering Company (North-Eastern) Limited
Sutcliffe Catering Benelux (Nederland) N.V.
Babbage & Sons Limited
L. Moll Limited

A.J. BROWN

Sutcliffe Catering Group Limited
Sutcliffe Catering Company Limited
Sutcliffe Catering Company (Midlands) Limited
Sutcliffe Catering Company (Northern) Limited
Sutcliffe Catering Company (Southern) Limited
Sutcliffe Catering Company (East Anglia) Limited
Sutcliffe Catering Company (Wales) Limited
Sutcliffe Catering Company (West of England) Limited
Sutcliffe Catering Company (New South Wales) Limited
S.A. Sutcliffe Catering Belgium N.V.
Sutcliffe Catering Benelux (Nederland) N.V.
Sutcliffe, Hill & Company Limited
Sutcliffe Catering Group Services Limited
Sutcliffe Catering Company (North-Eastern) Limited
Butlers Warehousing & Distribution Limited