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# West Midlands Taverns (Holdings) Limited

## Directors' report and financial statements

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# West Midlands Taverns (Holdings) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the financial year ended 29 June 1996.

### Business review and future developments

The principal activity of the group is that of operating wine bars. There has been no significant change in this activity during the year. The directors intend to develop the business in line with previous years.

The profit on ordinary activities before taxation is £703,958 (1995: £450,112).

### Post balance sheet events

There have been no significant post balance sheet events during the period from 29 June 1996 to the date the financial statements were approved by the directors.

### Proposed dividend

The directors do not recommend the payment of a dividend for the year. The profit on ordinary activities after taxation of £426,571 (1995: £214,742) is to be transferred to reserves.

### Fixed assets

The movement of fixed assets during the year is set out in notes 7 and 15 to the financial statements.

### Employees

The group supports the employment of disabled people, whenever possible, in recruitment, retention of those who become disabled during their employment and generally through training, career development and promotion.

The board of directors is committed to a policy of employee awareness in matters of concern to individuals and their places of work. Consultations take place with employee representatives so that the views of the employees can be taken into account in making decisions which are likely to affect their interests.

### Directors

	Ordinary shares of £1 each	
	At 29 June 1996	At 24 June 1995
MT Horton (Chairman and managing director)	80	80
PJ Horton	20	20

# West Midlands Taverns (Holdings) Limited

## Directors' report *(continued)*

### Directors' responsibilities

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company and the group at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

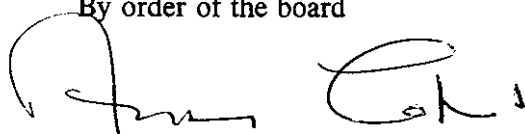
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### Auditors

A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



A Collins  
Secretary

MG's Chop & Ale House  
The Water's Edge  
Brindley Place  
Birmingham

28 November 1996



2 Cornwall Street  
Birmingham  
B3 2DL

## Auditors' report to the members of West Midlands Taverns (Holdings) Limited

We have audited the financial statements on pages 4 to 19.

### *Respective responsibilities of directors and auditors*

As described on page 2, 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 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 disclosures 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 group'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 mis-statement, 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 and the group as at 29 June 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28 November 1996

Chartered Accountants  
Registered Auditors

# West Midlands Taverns (Holdings) Limited

## Consolidated profit and loss account for the year ended 29 June 1996

	Note	29 June 1996 £	24 June 1995 £
Turnover	2	9,173,167	7,494,754
Cost of sales		(8,218,518)	(6,758,295)
<b>Gross profit</b>		<b>954,649</b>	<b>736,459</b>
Administrative expenses		(557,545)	(552,507)
Other operating income		369,183	330,264
<b>Operating profit</b>		<b>766,287</b>	<b>514,216</b>
Interest payable	3	(62,329)	(64,104)
<b>Profit on ordinary activities before taxation</b>	4	<b>703,958</b>	<b>450,112</b>
Tax charge on profit on ordinary activities	5	(277,387)	(235,370)
<b>Profit for the financial year (of which £Nil (1995: £Nil) has been dealt with in the financial statements of the company)</b>		<b>426,571</b>	<b>214,742</b>
Retained profit brought forward		511,573	296,831
<b>Retained profit carried forward</b>		<b>938,144</b>	<b>511,573</b>

There is no difference between the profit for the financial year and the profit on an unmodified historical cost basis.

The results of the group derive entirely from its continuing operations.

## Statement of total recognised gains and losses

There is no difference between the profit for the financial year and the total recognised profit for the current and preceding year.

# West Midlands Taverns (Holdings) Limited

## Consolidated balance sheet at 29 June 1996

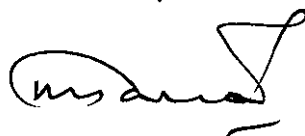
	Note	29 June 1996		24 June 1995	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	3,338,364		2,803,023	
<b>Current assets</b>					
Stocks	8	137,407		142,819	
Debtors	9	433,633		348,582	
Cash at bank and in hand		7,620		7,952	
		<u>578,660</u>		<u>499,353</u>	
<b>Creditors: Amounts falling due within one year</b>	10	<u>(2,616,612)</u>		<u>(2,435,037)</u>	
<b>Net current liabilities</b>		<u>(2,037,952)</u>		<u>(1,935,684)</u>	
<b>Total assets less current liabilities</b>		1,300,412		867,339	
<b>Creditors: Amounts falling due after more than one year</b>	11	(1,416)		(9,916)	
<b>Provisions for liabilities and charges</b>	13	<u>(215,164)</u>		<u>(200,162)</u>	
		<u>1,083,832</u>		<u>657,261</u>	
<b>Capital and reserves</b>					
Called up share capital	14	100		100	
Profit and loss account		938,144		511,573	
Capital reserve arising on consolidation		<u>145,588</u>		<u>145,588</u>	
		<u>1,083,832</u>		<u>657,261</u>	

These financial statements were approved by the board of directors on 28 November 1996 and signed on its behalf by:

PJ Horton  
Director



MT Horton  
Director



# West Midlands Taverns (Holdings) Limited

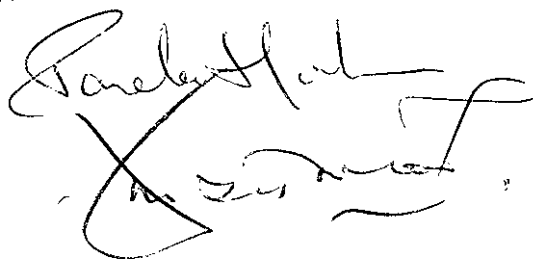
## Balance sheet at 29 June 1996

	Note	29 June 1996 £	24 June 1995 £
<b>Fixed assets</b>			
Investment in subsidiary	15	100	100
<b>Creditors: Amounts falling due within one year</b>			
Trade creditors		(270)	(270)
		<u>(170)</u>	<u>(170)</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		(270)	(270)
		<u>(170)</u>	<u>(170)</u>

These financial statements were approved by the board of directors on 28 November 1996 and signed on its behalf by:

**PJ Horton**  
Director

**MT Horton**  
Director



# West Midlands Taverns (Holdings) Limited

## Consolidated cash flow statement

for the year ended 29 June 1996

	Note	29 June 1996		24 June 1995	
		£	£	£	£
Net cash inflow from operating activities	17		1,373,164		1,041,270
Returns on investments and servicing of finance					
Interest paid		(55,834)		(63,957)	
Interest element of hire purchase payments		(1,339)		(1,116)	
Net cash outflow from returns on investments and servicing of finance			(57,173)		(65,073)
Taxation					
Corporation tax paid			(164,725)		(86,667)
Investing activities					
Payments to acquire tangible fixed assets		(962,677)		(1,042,078)	
Receipts from sales of tangible fixed assets		1,775		41,446	
Net cash outflow from investing activities			(960,902)		(1,000,632)
Net cash inflow/(outflow) before financing			190,364		(111,102)
Financing					
New loans	20	90,000		-	
Capital element of hire purchase payments	20	(8,500)		(7,083)	
Net cash inflow/(outflow) from financing			81,500		(7,083)
Net increase/(decrease) in cash and cash equivalents	18,19		271,864		(118,185)



# West Midlands Taverns (Holdings) Limited

## Notes

*(forming part of the financial statements)*

### 1 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its wholly owned subsidiary West Midlands Taverns Limited.

No separate profit and loss account has been presented for the company as permitted by Section 228(7) of the Companies Act 1985.

### 2 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention.

#### *Turnover*

Turnover includes sales of food and liquor excluding VAT. In the opinion of the directors there is only one class of business.

#### *Other operating income*

Other operating income comprises mainly receipts from gaming machines and discounts receivable.

#### *Depreciation and amortisation*

Depreciation and amortisation are provided so as to write off the cost of fixed assets over their estimated useful lives and are charged against profits in equal instalments at the following rates per annum:

Freehold property	-	2%
Short leasehold property	-	term of lease
Fixtures, fittings and equipment	-	10% to 25%

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Operating leases*

Rentals under operating leases are charged on a straight line basis over the term of the lease.

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 2 Principal accounting policies (continued)

#### *Finance leases and hire purchase contracts*

Assets acquired under finance leases and hire purchase contracts are capitalised at their fair value and depreciated over the life of the assets. Where not invoiced separately by the hire purchase company, interest is charged to the profit and loss account on a straight line basis over the life of the contract.

#### *Accounting Standards*

The financial statements have been prepared in accordance with applicable Accounting Standards.

### 3 Interest payable

	29 June 1996 £	24 June 1995 £
Hire purchase finance charges	1,339	1,116
On bank loans, overdrafts and other loans repayable within five years	60,990	62,988
	<u>62,329</u>	<u>64,104</u>

### 4 Profit on ordinary activities before taxation

	29 June 1996 £	24 June 1995 £
<i>Profit on ordinary activities before taxation, all of which is dealt with in the financial statements of West Midlands Taverns Limited, is stated after charging</i>		

#### Rentals under operating leases:

Hire of plant and machinery	12,156	9,031
Other	724,001	583,172

#### Directors' emoluments:

Remuneration as executives	186,500	174,065
Auditors' remuneration and expenses	12,360	12,360
Depreciation and amortisation	615,843	505,169

Auditors' remuneration and expenses for non-audit work in the financial year was £12,716 (1995: £19,700).

Excluding pension contributions, the emoluments of the chairman, who was also the highest paid director were £54,393 (1995 £46,658).

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 4 Profit on ordinary activities before taxation (continued)

The emoluments of the directors, excluding pension contributions, fell within the following bands:

		Number of directors	
		29 June 1996	24 June 1995
£15,001	- £20,000	-	1
£20,001	- £25,000	1	-
£45,001	- £50,000	-	1
£50,001	- £55,000	1	-
		<hr/>	<hr/>
		£	£
Pension contributions were as follows		107,500	107,500
		<hr/>	<hr/>

### 5 Taxation

Taxation is based on the profit for the year:

	29 June 1996	24 June 1995
	£	£
UK corporation tax at 33%	262,385	180,000
Deferred tax at 33% (24 June 1995: 33%)	15,683	21,758
	<hr/>	<hr/>
	278,068	201,758
Adjustments for previous years:		
(Over)/under provision with respect to corporation tax	-	(8,792)
(Over)/under provision with respect to deferred tax	(681)	42,404
	<hr/>	<hr/>
	277,387	235,370
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# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 6 Staff numbers and costs

The average number of persons employed by the group (including part-time employees and directors) during the year, analysed by category, was as follows:

	Number of employees	
	29 June 1996	24 June 1995
Management and clerical	14	14
Bar staff	375	322
	<u>389</u>	<u>336</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,018,016	1,685,561
Social security costs	124,209	109,273
Other pension costs	113,070	111,847
	<u>2,255,295</u>	<u>1,906,681</u>

The pension costs charge represents contributions made to the defined contribution personal pension schemes of certain employees.

The group's contribution was 5% of employee's gross salary.

The contribution for the year was £5,570 (1995: £4,347).

Pension contributions for directors are disclosed in note 4 to the financial statements.

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 7 Tangible fixed assets

#### Group

	Land and buildings		Fixtures, fittings and equipment	Payments on account	Total
	Freehold	Short leasehold			
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	409,804	923,733	5,571,844	97,725	7,003,106
Additions	-	-	881,184	270,000	1,151,184
Transfers	-	-	97,725	(97,725)	-
Disposals	-	(97,139)	(37,927)	-	(135,066)
<b>At end of year</b>	<b>409,804</b>	<b>826,594</b>	<b>6,512,826</b>	<b>270,000</b>	<b>8,019,224</b>
<b>Depreciation and amortisation</b>					
At beginning of year	47,765	465,293	3,687,025	-	4,200,083
Charged in year	8,196	36,822	570,825	-	615,843
Disposals	-	(97,139)	(37,927)	-	(135,066)
<b>At end of year</b>	<b>55,961</b>	<b>404,976</b>	<b>4,219,923</b>	<b>-</b>	<b>4,680,860</b>
<b>Net book value</b>					
At 29 June 1996	353,843	421,618	2,292,903	270,000	3,338,364
At 25 June 1995	362,039	458,440	1,884,819	97,725	2,803,023

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 7 Tangible fixed assets (continued)

#### Group (continued)

Included in the amounts in fixtures, fittings and equipment are the following amounts relating to assets acquired under hire purchase contracts:

	29 June 1996 £	24 June 1995 £
Cost	67,870	67,870
Depreciation	(33,935)	(16,967)
Net book value	<u>33,935</u>	<u>50,903</u>
Depreciation charged in the year	<u>16,968</u>	<u>16,967</u>

The company has no tangible fixed assets (1995: £Nil).

### 8 Stocks

	Group 29 June 1996 £	24 June 1995 £
Stocks comprising liquor and food	<u>137,407</u>	<u>142,819</u>

The company has no stocks (1995: £Nil).

### 9 Debtors

	Group 29 June 1996 £	24 June 1995 £
Prepayments and accrued income	425,398	347,261
Corporation tax recoverable	-	774
Other debtors	<u>8,235</u>	<u>547</u>
	<u>433,633</u>	<u>348,582</u>

The company has no debtors (1995: £Nil).

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 10 Creditors: Amounts falling due within one year

	Group	
	29 June 1996 £	24 June 1995 £
Loans	92,033	3,056
Bank overdraft	766,064	1,037,237
Trade creditors	721,729	624,021
Other creditors including taxation and social security	481,083	368,058
Accruals and deferred income	555,703	402,665
	<u>2,616,612</u>	<u>2,435,037</u>
Other creditors including taxation and social security comprise:		
Mainstream corporation tax	276,886	180,000
Other taxes	180,152	164,907
Social security	15,545	14,651
Obligations under hire purchase contracts	8,500	8,500
	<u>481,083</u>	<u>368,058</u>

Loans include £90,000 (1995: £Nil) owed to the WMT Executive Pension Scheme. The loan is repayable on demand or in any event by 31 May 1998. Interest is charged at 3% above Lloyds Bank PLC base rate.

The bank overdraft is wholly secured by a fixed and floating charge on all of the group's undertakings and property and a guarantee given by a director.

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 11 Creditors: Amounts falling due after more than one year

	Group	
	29 June 1996	24 June 1995
	£	£
Obligations under hire purchase contracts	<u>1,416</u>	<u>9,916</u>

### 12 Obligations under hire purchase contract:

	Group	
	29 June 1996	24 June 1995
	£	£
Amounts due within one year	9,839	9,839
Amounts due in second to fifth years	<u>1,639</u>	<u>11,478</u>
	11,478	21,317
Less: Finance charges allocated to future periods	<u>(1,562)</u>	<u>(2,901)</u>
	<u>9,916</u>	<u>18,416</u>
Shown as:		
Creditors: amounts falling due within one year	8,500	8,500
Creditors: amounts falling due after more than one year	<u>1,416</u>	<u>9,916</u>
	<u>9,916</u>	<u>18,416</u>



# West Midlands Taverns (Holdings) Limited

## 13 Provisions for liabilities and charges

The amount provided for deferred taxation in the group, calculated on the liability method at 33 % (1995: 33%), which represents the full potential liability, is set out below:

	Group	
	29 June 1996	24 June 1995
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	215,164	200,162
		£
Balance at 25 June 1995		200,162
Charge for the year in the profit and loss account		15,002
Balance at 29 June 1996		215,164

The company has no potential liability for deferred taxation at 29 June 1996 (1995: £Nil).

## 14 Share capital

	29 June 1996	24 June 1995
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100

## 15 Investment in subsidiary

This represents a holding of 10,000 ordinary shares of £1 each in West Midlands Taverns Limited, being the whole of the issued share capital of that company and is stated at cost. West Midlands Taverns Limited (a company registered in England) is the sole subsidiary and carries on the business of operating wine bars.

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 16 Reconciliation of movements in shareholder funds

	29 June 1996		24 June 1995	
	Group £	Company £	Group £	Company £
At beginning of year	657,261	(170)	442,519	(170)
Profit for the financial year	426,571	-	214,742	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,083,832	(170)	657,261	(170)
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 Reconciliation of operating profit to net cash inflow from operating activities

	29 June 1996 £	24 June 1995 £
Operating profit	766,287	514,216
Depreciation charges	615,843	505,169
Profit on sale of tangible fixed assets	(11,775)	(13,813)
Decrease/(Increase) in stocks	5,412	(5,542)
Increase in debtors	(85,823)	(34,728)
Increase in creditors	83,220	75,968
	<hr/>	<hr/>
Net cash inflow from operating activities	1,373,164	1,041,270
	<hr/>	<hr/>

### 18 Analysis of changes in cash and cash equivalents during the year

	29 June 1996 £	24 June 1995 £
Balance at beginning of year	(1,032,341)	(914,156)
Net cash inflow/(outflow)	271,864	(118,185)
	<hr/>	<hr/>
Balance at end of year	(760,477)	(1,032,341)
	<hr/>	<hr/>

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### 19 Analysis of the balances of cash and cash equivalents in the balance sheet

	29 June 1996 £	24 June 1995 £	Change in the year £
Cash in hand	7,620	7,952	(332)
Bank overdraft	(766,064)	(1,037,237)	271,173
Other loans	(2,033)	(3,056)	1,023
	<u>(760,477)</u>	<u>(1,032,341)</u>	<u>271,864</u>

### 20 Analysis of changes in financing during the year

	Finance Lease Obligations £	Other Loan £
Balance at beginning of year	18,416	-
Cash outflow from financing	(8,500)	-
New borrowings in year	-	90,000
	<u>9,916</u>	<u>90,000</u>
Balance at end of year	<u>9,916</u>	<u>90,000</u>

### 21 Capital commitments

Capital commitments for which no provision has been made in these financial statements were as follows:

	29 June 1996 £	24 June 1995 £
Authorised and contracted for	<u>950,000</u>	<u>420,000</u>

# West Midlands Taverns (Holdings) Limited

## Notes (continued)

### Other commitments

Commitments in respect of non-cancellable operating lease payments to be paid within one year are as follows:

	Property leases	
	29 June 1996	24 June 1995
	£	£
Leases which expire:		
Within one year	-	-
Between two and five years	98,865	80,650
After five years	<u>452,788</u>	<u>453,426</u>

The group had no other commitments at 29 June 1996 (1995: £Nil).

### 22 Disclosable contracts

Rent of £Nil (1995: £7,327) and a service charge of £Nil (1995: £2,892) were paid during the year to Horton's Estates Limited, for the lease of the subsidiary company's former premises at 21 Bennetts Hill, Birmingham. Mr MT Horton is a director and shareholder of Horton's Estates Limited.