

M6 CASH & CARRY LIMITED

Registered number: 1450484

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 1992



M6 CASH & CARRY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1992

The directors present their report together with the audited accounts for the year ended 31 December 1992.

RESULTS AND DIVIDEND

The group made a profit after taxation of £1,290,000 and the directors recommend payment of a dividend of £2,000,000.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group operates as a wholesale distributor of food, drink and non-food products from cash and carry stores at Haydock, Rochdale, Blackburn, Crewe and West Midlands.

Despite the continuing recession and pressure on margins, the directors believe that the group achieved a satisfactory level of profits and consider that the company is well placed for further growth when trading conditions improve. Their confidence in the future is demonstrated by the decision to open a new store in Bradford later this year.

SIGNIFICANT CHANGES IN FIXED ASSETS

The changes in fixed assets are set out in the notes to the accounts.

DIRECTORS

The directors of the company during the financial year were

G Hardman
KD Brown
M Sonia
KC McGoran (Chairman)
JS McCarthy

CD Edwards - resigned 22 July 1992

Messrs KC McGoran and JS McCarthy are directors of the ultimate holding company and their interests in the shares of that company are disclosed in its directors' report.

None of the other directors had beneficial or non-beneficial interests in the shares of the company at the beginning or end of the year, or in the shares of the ultimate holding company.

M6 CASH & CARRY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1992 (CONTINUED)

CHANGE OF STATUS

On 14 August 1992 the company re-registered under section 53 of the Companies Act 1985 from a public company to a private company.

EMPLOYMENT OF DISABLED PERSONS

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

EMPLOYEE INVOLVEMENT

The flow of information to staff has been maintained by on-site management discussing with members of staff matters of current interest and concern to the business and the regular circularisation of a staff newsletter.

CHARITABLE DONATIONS

During the year the group made charitable donations totalling £2,293.

AUDITORS

A resolution concerning the reappointment of Price Waterhouse will be proposed at the Annual General Meeting.

By Order of the Board



T Vincent
Secretary

1 June 1993

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF M6 CASH & CARRY LIMITED

We have audited the accounts on pages 4 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1992 and of the profit of the company and of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

1 June 1993

M6 CASH & CARRY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1992

	<u>Note</u>	<u>1992</u> £'000	<u>1991</u> £'000
TURNOVER	3	118,019	115,892
Cost of sales		<u>107,539</u>	<u>105,819</u>
GROSS PROFIT		10,480	10,073
Distribution and administrative expenses		(8,955)	(8,561)
Other operating income	4	<u>154</u>	<u>128</u>
OPERATING PROFIT		1,679	1,640
Net interest receivable	5	399	495
Exceptional item - reorganisation costs		<u>-</u>	<u>(391)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	2,078	1,744
Taxation on profit on ordinary activities	9	<u>(788)</u>	<u>(726)</u>
PROFIT FOR THE FINANCIAL YEAR		1,290	1,018
Dividend		<u>(2,000)</u>	<u>(77)</u>
RETAINED PROFIT	19	<u>(710)</u>	<u>941</u>

M6 CASH & CARRY LIMITED

**COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1992**

	<u>Note</u>	<u>1992</u> £'000	<u>1991</u> £'000
Administration expenses		-	(166)
Income from shares in group companies		2,000	77
Interest receivable		<u>-</u>	<u>572</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,000	483
Taxation on profit on ordinary activities	9	<u>123</u>	<u>(234)</u>
PROFIT FOR THE FINANCIAL YEAR		2,123	249
Dividend		<u>(2,000)</u>	<u>(77)</u>
RETAINED PROFIT	19	<u>123</u>	<u>172</u>

M6 CASH & CARRY LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1992

	Note	<u>1992</u>	<u>1991</u>
		£'000	£'000
FIXED ASSETS			
Tangible assets	10	8,448	8,145
Investments	12	<u>3</u>	<u>3</u>
		8,451	8,148
CURRENT ASSETS			
Stocks	13	12,121	11,815
Debtors	14	12,195	6,712
Cash at bank		<u>652</u>	<u>4,488</u>
		24,968	23,015
CREDITORS: Amounts falling due within one year	15	<u>23,141</u>	<u>20,493</u>
NET CURRENT ASSETS		<u>1,827</u>	<u>2,522</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,278	10,670
CREDITORS: amounts falling due after more than one year	16	(3,100)	(3,100)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(486)</u>	<u>(168)</u>
		6,692	7,402
CAPITAL AND RESERVES			
Called up share capital	18	2,176	2,176
Share premium account		2,506	2,506
Revaluation reserve		720	720
Profit and loss account	19	<u>1,290</u>	<u>2,000</u>
		6,692	7,402

Approved by the Board on 1 June 1993

G Hardman
Director



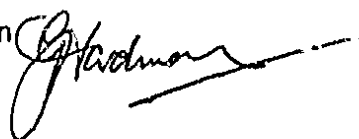
M6 CASH & CARRY LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 1992

	<u>Note</u>	<u>1992</u>	<u>1991</u>
		£'000	£'000
FIXED ASSETS			
Investments	12	1,544	1,544
CURRENT ASSETS			
Debtors	14	8,371	2,115
Cash at Bank		<u>652</u>	<u>3,599</u>
		9,023	5,714
CREDITORS: Amounts			
falling due within one year	15	<u>4,720</u>	<u>1,645</u>
NET CURRENT ASSETS		<u>4,303</u>	<u>4,069</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		5,847	5,613
PROVISIONS FOR LIABILITIES			
AND CHARGES	17	<u>(111)</u>	<u>-</u>
		<u>5,736</u>	<u>5,613</u>
CAPITAL AND RESERVES			
Called up share capital	18	2,176	2,176
Share premium account		2,506	2,506
Profit and loss account	19	<u>1,054</u>	<u>931</u>
		<u>5,736</u>	<u>5,613</u>

Approved by the Board on 1 June 1993.

G Hardman
Director



MG CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992

1 PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold land and buildings, and in accordance with applicable accounting standards.

Consolidation

The group accounts consolidate the results and net assets of the company and its subsidiaries, each of which prepares accounts at 31 December. Goodwill arising on acquisition is written off immediately to reserves.

Turnover

Turnover is stated exclusive of VAT and represents amounts invoiced in respect of goods supplied.

Depreciation

Depreciation is provided at rates calculated to write off the cost or revalued amount of all tangible fixed assets, except freehold land, over their estimated useful lives. The annual rates of depreciation are as follows:

Freehold buildings	1% on a straight line basis
Long leasehold property (length of lease over 50 years)	1% on a straight line basis
Short leasehold property (length of lease less than 50 years)	over the life of the lease on a straight line basis
Computer equipment	20% on a straight line basis
Motor vehicles	20% on a straight line basis
Fixtures, fittings & equipment	5% or 10% on a straight line basis
Petrol station	5.5% on a straight line basis

During the year the company changed its rate of depreciation on freehold buildings and long leasehold property from 2% per annum straight line to 1% - the effect of this change was to reduce the depreciation charge by approximately £50,000.

Stock

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

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Retrospective rebates and discounts

Retrospective rebates and discounts received from suppliers and manufacturers are accounted for on a receivable basis.

Pre-opening costs

Store pre-opening costs are charged to the profit and loss account as incurred.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pension costs

Payments to the defined benefits scheme are charged to the profit and loss account so as to spread the cost of pensions over the estimated working lives of the employees concerned.

Payments to the defined contribution schemes are charged to the profit and loss account as they are incurred.

Operating leases

Operating lease payments are charged to the profit and loss account as they are incurred.

Finance leases

Assets held under finance leases are held in the balance sheet at cost less accumulated depreciation and the commitment included as a liability. Interest is charged to the profit and loss account as it is incurred.

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

2 CASH FLOW STATEMENT

The company has taken advantage of the exemptions of FRS1 and has not presented a cash flow statement for the year. The accounts of Fitzwillton Plc, the ultimate holding company, provide a cash flow statement for the group as a whole.

3 TURNOVER

All of the turnover arose from sales to third parties at the group's cash and carry stores. £123,000 (1991 - £Nil) of sales were to other European countries, the remainder were in the United Kingdom.

4	OTHER OPERATING INCOME	<u>1992</u> £'000	<u>1991</u> £'000
	Income from franchises	154	128
		<hr/>	<hr/>
5	NET INTEREST RECEIVABLE	<u>1992</u> £'000	<u>1991</u> £'000
	On inter-group loans	216	-
	On share of group bank accounts	208	495
	On finance leases	(25)	-
		399	495
		<hr/>	<hr/>
6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1992</u> £'000	<u>1991</u> £'000
	This is arrived at after charging:		
	Staff costs (note 7)	5,965	5,290
	Depreciation	620	474
	Auditors' remuneration		
	- for audit services	42	29
	- for non-audit services	12	
	Operating lease rentals		
	- property	477	232
	- equipment	121	232
		<hr/>	<hr/>

MG CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

7	EMPLOYEES	<u>1992</u>	<u>1991</u>
		£'000	£'000
	Staff costs consist of:		
	Wages and salaries	5,416	4,784
	Social security costs	435	376
	Other pension costs	<u>114</u>	<u>130</u>
		5,965	5,290
		<hr/>	<hr/>
	The average weekly number of employees (including directors) during the year was as follows:	<u>1992</u>	<u>1991</u>
		Number	Number
	Warehouse	513	486
	Administrative	<u>156</u>	<u>142</u>
		669	628
		<hr/>	<hr/>
8	DIRECTORS' EMOLUMENTS	<u>1992</u>	<u>1991</u>
		£'000	£'000
	Fees	-	2
	Other emoluments (including pension contributions)	<u>365</u>	<u>372</u>
		365	374
		<hr/>	<hr/>
	Emoluments (excluding pension contributions) of:	£'000	£'000
	Chairman	-	-
	Highest paid director	<u>175</u>	<u>174</u>
		<hr/>	<hr/>
	The number of other directors whose emoluments (excluding pension contributions) fell in the following ranges was:	Number	Number
	£0 - £5,000	2	2
	£65,001 - £70,000	1	-
	£70,001 - £75,000	-	1
	£85,001 - £90,000	1	-
	£105,001 - £110,000	-	1
		<hr/>	<hr/>

MG CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
UK corporation tax at 33% based on profits for the year	720	673	-	236
UK corporation tax - prior year adjustments	(250)	-	(234)	-
Deferred tax - current year	151	56	-	-
- prior year	<u>167</u>	<u>(3)</u>	<u>111</u>	<u>(2)</u>
	788	726	(123)	234
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 TANGIBLE ASSETS

Group	Land and <u>buildings</u>	Fixtures fittings & <u>equipment</u>	Motor <u>vehicles</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
COST OR VALUATION				
At 1 January 1992	5,822	4,068	641	10,531
Additions	103	373	327	803
Disposals	-	(6)	(114)	(120)
Inter-group transfers	<u>-</u>	<u>204</u>	<u>-</u>	<u>204</u>
At 31 December 1992	5,925	4,639	854	11,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 January 1992	199	1,929	258	2,386
Charge for year	49	252	319	620
Disposals	<u>-</u>	<u>(5)</u>	<u>(31)</u>	<u>(36)</u>
At 31 December 1992	248	2,176	546	2,970
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK AMOUNT				
At 31 December 1992	5,677	2,463	308	8,448
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1991	5,623	2,139	383	8,145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book amount of fixtures, fittings and equipment includes £205,000 (1991 - £274,000) in respect of items held under finance leases.

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

10 TANGIBLE ASSETS (CONTINUED)

Land and buildings comprise the following:

	<u>Freehold</u> £'000	<u>Long leasehold</u> £'000	<u>Short leasehold</u> £'000	<u>Total</u> £'000
COST OR VALUATION				
At 1 January 1992	5,392	430	-	5,822
Re-allocations	(2,475)	-	2,475	-
Additions	<u>84</u>	<u>3</u>	<u>16</u>	<u>103</u>
At 31 December 1992	<u>3,001</u>	<u>433</u>	<u>2,491</u>	<u>5,925</u>
DEPRECIATION				
At 1 January 1992	178	21	-	199
Re-allocations	(37)	-	37	-
Charge for year	<u>25</u>	<u>3</u>	<u>21</u>	<u>49</u>
At 31 December 1992	<u>166</u>	<u>24</u>	<u>58</u>	<u>248</u>
NET BOOK AMOUNT				
At 31 December 1992	<u>2,835</u>	<u>409</u>	<u>2,433</u>	<u>5,677</u>
At 31 December 1991	<u>5,214</u>	<u>409</u>	<u>-</u>	<u>5,623</u>

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

10 TANGIBLE ASSETS (CONTINUED)

The following is a summary of land and buildings shown at cost and at valuation, together with a comparison of the assets shown wholly on an historical cost basis:

	Valuation and cost		Historical cost	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
COST OR VALUATION	£'000	£'000	£'000	£'000
Revalued property - valuation in 1982	3,000	3,000	2,573	2,573
Property at cost	<u>2,925</u>	<u>2,822</u>	<u>2,925</u>	<u>2,822</u>
	5,925	5,822	5,498	5,395
	—	—	—	—
DEPRECIATION				
On property at valuation	177	152	470	445
On property at cost	<u>71</u>	<u>47</u>	<u>71</u>	<u>47</u>
	248	199	541	492
	—	—	—	—
NET BOOK AMOUNT				
Revalued property	2,823	2,848	2,103	2,128
Property at cost	<u>2,854</u>	<u>2,775</u>	<u>2,854</u>	<u>2,775</u>
	5,677	5,623	4,957	4,903
	—	—	—	—

11 CAPITAL COMMITMENTS

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Group		
Contracted but not provided	18	62
Authorised but not contracted	<u>10</u>	<u>5</u>
	28	67
	—	—
Company	—	—
	—	—

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

12 INVESTMENTS	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Unlisted investments at cost	3	3	-	-
Investments in wholly owned subsidiaries	<u>-</u>	<u>-</u>	<u>1,544</u>	<u>1,544</u>
	<u>3</u>	<u>3</u>	<u>1,544</u>	<u>1,544</u>

The following are the company's subsidiaries; all are wholly owned and incorporated in the United Kingdom.

M6 Cash & Carry (Haydock) Limited, and its subsidiaries:

M6 Cash & Carry (West Midlands) Limited

M6 Cash & Carry (Crewe) Limited

M6 Cash & Carry (Blackburn) Limited

M6 Furnishing Concepts Ltd

M6 Cash & Carry (Non-Foods) Ltd

Hiltons Limited

M6 Cash & Carry (Haydock) Limited operated the group's cash and carry stores; the remaining companies are dormant.

13 STOCKS	Group	
	<u>1992</u>	<u>1991</u>
	£'000	£'000
Consumables	37	5
Goods for resale	<u>12,084</u>	<u>11,810</u>
	<u>12,121</u>	<u>11,815</u>

The replacement cost of stock is not materially different from the amounts stated above.

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

14	DEBTORS	Group		Company	
		<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
		£'000	£'000	£'000	£'000
	Due within one year				
	Trade debtors	2,051	1,666	-	-
	Other debtors	-	28	-	43
	Prepayments and accrued income	4,316	5,018	-	203
	Amounts receivable from group undertakings	<u>5,463</u>	<u>-</u>	<u>8,371</u>	<u>1,869</u>
		11,830	6,712	8,371	2,115
	Due after more than one year:				
	Trade debtors	<u>365</u>	<u>-</u>	<u>-</u>	<u>-</u>
		12,195	6,712	8,371	2,115
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
		Group		Company	
		<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
		£'000	£'000	£'000	£'000
	Payments received on account	16	58	-	-
	Trade creditors	14,617	14,946	-	-
	Amounts owed to group undertakings	6,498	2,612	4,759	1,338
	Corporation tax	688	128	(39)	230
	Other taxation and social security	725	987	-	-
	Other creditors	119	144	-	77
	Accruals and deferred income	478	1,618	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		23,141	20,493	4,720	1,645
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

In January 1991, the group completed a sale and leaseback transaction in respect of a cash and carry property. The resultant lease has been deemed to be a finance lease and the property has been included in tangible fixed assets under the short leasehold category.

The group has an option to re-purchase the freehold of the property for £3,100,000, being the amount of the sales proceeds, at any time prior to 30 June 1996.

17 PROVISION FOR LIABILITIES AND CHARGES

	1992		1991	
	Total potential liability £'000	Of which provided £'000	Total potential liability £'000	Of which provided £'000
GROUP				
Revaluation of property	252	-	252	-
Accelerated capital allowances	284	284	163	163
Short term timing differences	<u>202</u>	<u>202</u>	<u>5</u>	<u>5</u>
	738	486	420	168
COMPANY				
Short term timing differences	<u>111</u>	<u>111</u>	<u>-</u>	<u>-</u>

18 SHARE CAPITAL

	Authorised		Allotted and fully paid	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Ordinary shares of 25p each	<u>3,000</u>	<u>3,000</u>	<u>2,176</u>	<u>2,176</u>

MG CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

19 PROFIT AND LOSS ACCOUNT

Group
£'000

At 1 January 1992

2,000

Profit for the year withdrawn

(710)

At 31 December 1992

1,290

Company
£'000

At 1 January 1992

931

Retained profit for the year

123

At 31 December 1992

1,054

No goodwill has been written off in the year. The cumulative amount of goodwill written off to date is not readily available.

20 COMMITMENTS UNDER OPERATING LEASES

As at 31 December 1992 the group had annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:

	<u>1992</u>		<u>1991</u>	
	<u>Properties</u>	<u>Equipment</u>	<u>Properties</u>	<u>Equipment</u>
	£'000	£'000	£'000	£'000
Within one year	20	37	-	20
Within two to five years	65	121	83	100
After more than five years	<u>392</u>	<u>1</u>	<u>391</u>	<u>-</u>
	477	159	474	120
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

M6 CASH & CARRY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (CONTINUED)

21 PENSIONS

The group operates defined contribution schemes for the benefit of employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge representing contributions payable by the company to the funds amounted to £114,000 (1991 - £110,000).

During the year the group's defined benefit scheme terminated; the group has no further liabilities in respect of this scheme.

22 ULTIMATE HOLDING COMPANY

The ultimate holding company is Fitzwilton Plc, a company incorporated in the Republic of Ireland. Copies of the group accounts may be obtained from the company's registered office, 1/2 Upper Hatch Street, Dublin 2.

The parent undertaking of the smallest group of which the company is a member and for which group accounts are prepared is Fitzwilton (UK) Plc which is registered in England.