

**SIGNED
COPY**

Holroyd Meek Limited

**Directors' report and
financial statements**

27 December 1997

Registered number 1712456



Directors' report and financial statements

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Directors and company information

Directors:

Chairman (non-executive): CW Holroyd MHCIMA (resigned 22 December 1997)

Chief executive: G Whiley

Executive: MC Blank (resigned 20 February 1998)

JE Caven

AJ Gatcliffe

BDE McCarty

AD Meek

(resigned 17 April 1998)

G Pritchard

DM Smith

(resigned 1 May 1997)

AS Yaskin

(resigned 9 October 1997)

N Weetman

(appointed 7 July 1997)

Non-executive

CJ Bowen

WEM Clegg

(resigned 1 May 1997)

MJ Glavin

PP Rose

(appointed 3 February 1997, resigned 31 December 1997)

KR Williams FCA

(resigned 1 May 1997)

Secretary:

CE Evans

(appointed 1 May 1997)

Registered office:

Salmon Fields

Royton

Oldham

OL2 6JG

Bankers:

Midland Bank Plc

Poultry

London EC2P 2BX

Auditors:

KPMG Audit Plc

Station Street Buildings

Huddersfield HD1 1LZ

Solicitors:

Eversheds

London Scottish House

24 Mount Street

Manchester M2 3DB

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 27 December 1997.

Principal activity

The principal activity of the business is contract distribution to chains of branded restaurants.

Proposed dividend and transfer to reserves

The directors have not proposed a dividend for the year (1996: £Nil). No transfers, other than the results for the year shown on page 7, to or from reserves are proposed.

Significant changes in fixed assets

Movements of fixed assets during the year are recorded in note 6 to the accounts.

Directors and directors' interests

With the exception of DM Smith, PP Rose, CW Holroyd, AS Yaskin, WEM Clegg, KR Williams and N Weetman, the directors named on page 1 served throughout the year. None of the directors have any interest in the company, or in the shares of Eskdale Limited, the immediate parent undertaking, or Ravenglass Limited, the intermediate parent undertaking. The directors' interests in the shares of the ultimate parent undertaking, Booker plc, are shown below.

Directors' share options in Booker plc

	Number of ordinary shares of £1	
	27 December 1997	28 December 1996 or date of appointment
AJ Gatliffe	5,340	5,340
MJ Glavin	42,568	43,327
BDE McCarty	18,664	18,027
AD Meek	1,857	1,857
PP Rose	26,131	26,244
G Whiley	28,712	23,746

Directors' report (continued)

Directors' shareholdings in Booker plc

	Number of ordinary shares of £1	
	27 December 1997	28 December 1996 or date of appointment
MC Blank	34,155	17,518
AJ Gatchiffe	90,740	90,740
MJ Glavin	3,288	-
BDE McCarty	1,442	-
AD Meek	93,965	37,119
G Pritchard	1,000	-
G Whiley	3,480	612

CJ Bowen is a director of Booker plc and his interests are disclosed in the financial statements of that company. No other directors had any interests in the shares of Booker plc.

Employees

Full and fair consideration is given to disabled persons in employment, training, career development and promotion. Account is taken of disabilities only insofar as they affect ability to perform a job or have health or safety implications. If employees become disabled, they are retained in suitable employment or retrained to the best of the company's capability.

The board recognises the importance of good communications with employees at all levels. A number of communication methods are used on a regular basis including staff meetings, letters and payment by result schemes.

Directors' and officers' liability insurance

During the period, the company maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

Political and charitable donations

During the year, the company made charitable donations of £20,861 (1996:£25,000). No contributions were made to political parties.

Directors' report *(continued)*

Creditor payment policy

It is the company's policy that payments to suppliers are made in accordance with agreed terms, provided that the supplier is also complying with all relevant terms and conditions. Creditor days outstanding at 27 December 1997 were 57.

By order of the board


G Whiley
Director

Salmon Fields
Royton
Oldham
OL2 6JG

30 April 1998

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 company 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 company 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 company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Station Street Buildings
Huddersfield
HD1 1LZ

Report of the auditors to the members of Holroyd Meek Limited

We have audited the financial statements on pages 7 to 17.

Respective responsibilities of directors and auditors

As described on page 5 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 company'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 misstatement, 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 the company's affairs as at 27 December 1997 and of the loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads 'KPMG Audit Plc'.

KPMG Audit Plc
Chartered Accountants
Registered Auditors

30 April 1998

Profit and loss account

for the 52 weeks ended 27 December 1997


	<i>Note</i>	1997 £000	1996 £000
Turnover		363,944	359,189
Cost of sales	2	(330,435)	(331,185)
		<hr/>	<hr/>
Gross profit		33,509	28,004
Net operating costs	2	(36,603)	(38,669)
		<hr/>	<hr/>
Operating loss before exceptional items		(3,094)	(4,289)
Exceptional items		-	(6,376)
		<hr/>	<hr/>
Operating loss	2	(3,094)	(10,665)
Net interest payable	4	(1,182)	(1,891)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(4,276)	(12,556)
Tax on loss on ordinary activities	5	1,314	4,070
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(2,962)	(8,486)
		<hr/>	<hr/>

A statement of movements in reserves is given in note 13. All activity arose, wholly within the United Kingdom, from the continuation of the company's single operation. There were no recognised gains or losses other than the loss for the financial period. No note of historical cost profits and losses has been prepared as the historical cost profits and losses are the same as detailed in the above profit and loss account.

Balance sheet
at 27 December 1997

	Note	1997 £000	1996 £000
Fixed assets			
Tangible assets	6	11,996	13,428
		<hr/>	<hr/>
Current assets			
Stocks	7	12,691	14,263
Debtors	8	32,300	34,680
Cash at bank and in hand		854	6,691
		<hr/>	<hr/>
		45,845	55,634
Creditors: amounts falling due within one year	9	(57,028)	(61,456)
		<hr/>	<hr/>
Net current liabilities		(11,183)	(5,822)
		<hr/>	<hr/>
Total assets less current liabilities		813	7,606
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	10	-	(2,968)
Provisions for liabilities and charges	11	(795)	(1,658)
		<hr/>	<hr/>
Net assets		18	2,980
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	13,051	13,051
Share premium account	13	232	232
Capital redemption reserve	13	8	8
Profit and loss account	13	(13,273)	(10,311)
		<hr/>	<hr/>
Shareholders' funds		18	2,980
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 April 1998 and were signed on its behalf by:


G Whiley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules.

Fixed assets and depreciation

Fixed assets are stated at purchase price less accumulated depreciation. Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2%	Straight line
Leasehold interests	-	Period of lease	Straight line
Vehicles	-	25%	Reducing balance
Plant and machinery	-	5%-25%	Straight line
Fixtures and fittings	-	10%-25%	Straight line
Computer equipment	-	25%	Straight line

Stocks

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

Deferred taxation

Where it is considered that, due to differences between the treatment of items for accounts and taxation purposes, an additional liability will arise within the foreseeable future, a provision is made for deferred taxation using the liability method at the anticipated rate of corporation tax.

Turnover

Turnover represents the invoiced value of goods and services provided, less returns and allowances and excluding value added tax.

Notes (continued)

1 Accounting policies (continued)

Cash flow

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Related party transactions

In accordance with the exemptions under Financial Reporting Standard 8, the company has not disclosed any transaction with the ultimate parent undertaking or any of the subsidiaries within the group.

Leases

Assets held under hire purchase contracts and finance leases are initially recorded at the fair value of the asset with an equivalent liability included in creditors. The asset is depreciated in accordance with the company's depreciation policy. Hire purchase and finance lease payments are apportioned between finance charges and the reduction of the liability and are allocated to accounting periods to produce a constant rate of charge on the outstanding balance under the agreement. Rentals under operating leases are charged to profits on a straight line basis over the lease term.

2 a) Operating loss

	1997 £000	1996 £000
The operating loss is stated after charging/(crediting):		
Directors' fees	6	5
Directors' management remuneration	604	488
Compensation for loss of office	55	50
Auditors' remuneration for audit services	28	28
Auditors' remuneration for non-audit services	-	25
Depreciation of owned assets	1,260	1,370
Depreciation of assets held under hire purchase contracts and finance leases	37	172
Profit on disposal of fixed assets	(12)	(89)
Operating lease and contract hire charges - Land and buildings	915	915
- Other	5,552	5,475
	<hr/>	<hr/>

Notes (continued)

2 b) Cost of sales and net operating costs

	1996		
	1997 £000	Pre- exceptional items £000	Exceptional items £000
Cost of sales	330,435	328,183	3,002
Distribution costs	21,384	19,988	1,282
Administrative costs	15,219	15,307	2,092
Net operating costs	36,603	35,295	3,374

3 Particulars of directors and staff

	1997 £000	1996 £000
Employment costs during the year were as follows:		
Wages and salaries	15,843	15,761
Social security costs	1,475	1,442
Pension costs	52	2
	17,370	17,205

The company is a member of the Booker Pension Scheme (BPS), a defined benefits scheme based on final pensionable pay. The pension cost relating to BPS is assessed in accordance with the advice of qualified consulting actuaries on the basis of triennial valuations using the projected unit method. The most recent valuation was at 30 June 1995. There has been a suspension of company contributions to BPS since 1 July 1994. Details of the group's schemes as required under SSAP 24 are disclosed in the accounts of Booker plc for the 52 weeks ended 27 December 1997.

	1997 £000	1996 £000
Directors' remuneration (excluding pension contributions) included:		
Chairman	14	8
Highest paid director	117	111

Notes (continued)

3 Particulars of directors and staff (continued)

The average number of persons employed by the company (including directors) during the year analysed by category, was as follows:

	1997 Number	1996 Number
Office and management	233	227
Warehouse	412	513
Distribution	339	387
	<hr/> 984	<hr/> 1,127

4 Net interest payable

	1997 £000	1996 £000
Bank loans and overdrafts	(18)	(197)
Other loans	(1,294)	(1,753)
	<hr/> (1,312)	<hr/> (1,950)
Bank interest receivable	130	59
	<hr/> (1,182)	<hr/> (1,891)

5 Tax on loss on ordinary activities

	1997 £000	1996 £000
The taxation credit is based on the loss for the year and comprises:		
Group relief/tax recoverable at 31.5% (1996:33%)	(1,242)	(4,179)
Deferred taxation arising from capital allowances and other timing differences	(72)	109
	<hr/> (1,314)	<hr/> (4,070)

Notes (continued)

6 Tangible fixed assets

	Land and buildings £000	Short leasehold land and buildings £000	Plant, machinery and vehicles £000	Fixtures and fittings £000	Total £000
<i>Cost</i>					
At beginning of year	5,561	52	11,384	277	17,274
Additions	50	-	508	17	575
Transfers out to other group companies	-	-	(867)	-	(867)
Disposals	-	-	(531)	-	(531)
At end of year	5,611	52	10,494	294	16,451
<i>Depreciation</i>					
At beginning of year	379	23	3,322	122	3,846
Charge for year	86	8	1,171	32	1,297
Provided on transfers	-	-	(314)	-	(314)
Provided on disposals	-	-	(374)	-	(374)
At end of year	465	31	3,805	154	4,455
Net book value					
At 27 December 1997	5,146	21	6,689	140	11,996
At 28 December 1996	5,182	29	8,062	155	13,428

Plant, machinery and vehicles with a net book value at the year end of £Nil (1996: £799,000) and land and buildings with a net book value of £Nil (1996: £3,337,000) are financed by hire purchase contracts and finance leases.

7 Stocks

	1997 £000	1996 £000
Goods for resale	12,691	14,263

Notes (continued)

8 Debtors

	1997 £000	1996 £000
Trade debtors	29,609	27,948
Amounts owed by group undertakings	8	98
Group relief receivable	2,024	5,834
Other debtors	131	179
Prepayments and accrued income	528	621
	<hr/> 32,300 <hr/>	<hr/> 34,680 <hr/>

9 Creditors: amounts falling due within one year

	1997 £000	1996 £000
Obligations under finance leases and hire purchase contracts	-	194
Trade creditors	53,450	42,655
Amounts owed to ultimate parent undertaking	204	15,286
Other creditors	854	1,307
Other taxes and social security	915	760
Accruals	1,605	1,254
	<hr/> 57,028 <hr/>	<hr/> 61,456 <hr/>

10 Creditors: amounts falling due after more than one year

	1997 £000	1996 £000
Obligations under finance leases and hire purchase contracts	-	2,968
	<hr/>	<hr/>

Notes (continued)

11 Provisions for liabilities and charges

	Deferred taxation £000	Integration £000	Total £000
At beginning of the year	737	921	1,658
Transfer to profit and loss account	(72)	(791)	(863)
	<hr/>	<hr/>	<hr/>
At end of year	665	130	795
	<hr/>	<hr/>	<hr/>

Deferred taxation represents a full provision at the expected rate of corporation tax of 31% for the potential liability arising on the following timing differences:

	1997 £000	1996 £000
At beginning of year	737	628
Charged/(credited) to profit and loss account in respect of:		
Capital allowances	(21)	109
Other timing differences	(7)	-
Change in rate from 33% to 31%	(44)	-
	<hr/>	<hr/>
At end of year	665	737
	<hr/>	<hr/>

The total amount of deferred taxation provision on timing differences is made up as follows:

	1997 £000	1996 £000
Accelerated capital allowances	665	730
Other timing differences	-	7
	<hr/>	<hr/>
	665	737
	<hr/>	<hr/>

Notes (continued)

12 Called up share capital

	1997 £000	1996 £000
<i>Authorised</i>		
13,100,000 (1996: 13,100,000) ordinary shares of £1 each	13,100	13,100
	<hr/>	<hr/>
<i>Allotted, called-up and fully paid</i>		
13,051,042 (1996: 13,051,042) ordinary shares of £1 each	13,051	13,051
	<hr/>	<hr/>

13 Reserves

	Share premium £000	Capital redemption reserve £000	Profit and loss account £000
At beginning of year	232	8	(10,311)
Retained loss for the year	-	-	(2,962)
	<hr/>	<hr/>	<hr/>
At end of year	232	8	(13,273)
	<hr/>	<hr/>	<hr/>

14 Reconciliation in shareholders' funds

	1997 £000	1996 £000
Loss on ordinary activities after taxation	(2,962)	(8,486)
Increase in share capital	-	13,000
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(2,962)	4,514
Opening shareholders' funds	2,980	(1,534)
	<hr/>	<hr/>
Closing shareholders' funds	18	2,980
	<hr/>	<hr/>

Notes (continued)

15 Leasing commitments

At the balance sheet date there were annual commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	1997	1996	1997	1996
	£000	£000	£000	£000
Leases expiring				
Within one year	-	-	1,121	48
Between two and five years inclusive	-	-	2,503	4,107
After five years	915	915	503	506
	<hr/>	<hr/>	<hr/>	<hr/>
	915	915	4,127	4,661
	<hr/>	<hr/>	<hr/>	<hr/>

16 Capital commitments

There were no capital commitments at the balance sheet date (1996: £Nil).

17 Immediate parent undertaking

The company's immediate parent undertaking is Eskdale Limited, a company which is registered in England and Wales. The immediate parent undertaking of Eskdale Limited is Ravenglass Limited.

18 Ultimate parent undertaking

The ultimate parent undertaking is Booker plc, a company which is registered in England and Wales. The financial statements of Booker plc are available to the public from:

Booker plc
85 Buckingham Gate
London
SW1E 6PD