

HOLROYD & MEEK LIMITED

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 26TH SEPTEMBER 1986



HOLROYD & MEEK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

<u>CONTENTS</u>	<u>PAGE</u>
Report of the Directors	2
Report of the Auditors	4
Profit & Loss Account	5
Balance Sheet	6
Statement of Source & Application of Funds	7
Notes to the Accounts	8

HOLROYD & MEEK LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 26th September 1986.

Activities & Business Review

The principal activity of the company continues to be that of Food Wholesaling and Distribution. No significant change in this activity is envisaged in the foreseeable future.

The Company had a successful trading year having returned to profitable operation as forecast in last years review and having consolidated its trading position. The Directors are confident that the success of the Company will be maintained during the coming year as additional business is acquired.

Results for the Year

The profit after taxation for the year was £45,116 (1985 loss £6,892).

The directors do not propose the payment of a dividend and the profit for the year is to be added to reserves.

Directors & Their Interests

- (a) The directors of the Company who served throughout the year and their interests in the shares were:-

Ordinary Shares of £1 Each

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
C.W. Holroyd	10,000	1
A.D. Meek	10,000	1

- (b) A.D. Meek retires from the Board by rotation, and, being eligible, offers himself for re-election.

Fixed Assets

All movements in fixed assets are disclosed in the notes to the accounts.

HOLROYD & MEEK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Taxation Status

The Company is a Close Company within the provisions of the Income and Corporation Taxes Act 1970.

Auditors

A resolution proposing the re-appointment of Mitchell Charlesworth as Auditors will be put to the Annual General Meeting in accordance with Section 384 (1) of the Companies Act 1985.

By Order of the Board

C.W. HOLROYD
Secretary

16th December 1986

Mitchell Charlesworth

Chartered Accountants

101 Albert Road Widnes WA8 6LD

REPORT OF THE AUDITORS TO THE MEMBERS

OF HOLROYD & MEEK LIMITED

We have audited the financial statements on pages 5 to 15 in accordance with approved auditing standards.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings, give a true and fair view of the state of the Company's affairs at 26th September 1986 and of the profit and source and application of funds for the year ended on that date, and comply with the Companies Act 1985.

MITCHELL CHARLESWORTH

16th December 1986

HOLROYD & MEEK LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

		<u>1986</u>	<u>1985</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Turnover	2	4,610,939	2,787,872
Cost of Sales		<u>3,928,440</u>	<u>2,389,190</u>
Gross Profit		682,499	398,682
Distribution Costs		345,850	194,810
Administrative Expenses		<u>248,099</u>	<u>194,049</u>
		<u>(593,949)</u>	<u>(388,859)</u>
Operating Profit	3	88,550	9,823
Interest Payable	5	<u>(19,734)</u>	<u>(19,615)</u>
Profit/(Loss) on Ordinary Activities Before Taxation		68,816	(9,792)
Taxation on Profit on Ordinary Activities	6	<u>(23,700)</u>	<u>2,900</u>
Profit/(Loss) for the Financial Year		<u><u>£45,116</u></u>	<u><u>£(6,892)</u></u>

The Notes on pages 8 to 15 form part of these accounts.

HOLROYD & MEEK LIMITED

BALANCE SHEET

AS AT 26TH SEPTEMBER 1986

	<u>Note</u>	<u>£</u>	<u>1986</u>	<u>£</u>	<u>1985</u>	<u>£</u>
<u>Fixed Assets</u>						
Tangible Assets	8		210,595		143,059	
<u>Current Assets</u>						
Stocks	9	165,821		136,339		
Debtors	10	506,701		586,054		
Cash at Bank & In Hand		<u>137,052</u>		<u>1,694</u>		
		809,574		724,087		
<u>Creditors</u>						
Amounts Falling Due Within One Year	11	<u>852,368</u>		<u>781,956</u>		
<u>Net Current Liabilities</u>			<u>(42,794)</u>		<u>(57,869)</u>	
Total Assets Less Current Liabilities			167,801		85,190	
<u>Creditors</u>						
Amounts Falling Due After More Than One Year	12		(84,477)		(56,182)	
<u>Provision for Liabilities & Charges</u>						
Deferred Taxation	13		<u>(20,000)</u>		<u>(10,800)</u>	
			<u>£63,324</u>		<u>£18,208</u>	
<u>Capital & Reserves</u>						
Called Up Share Capital	14		20,000		2	
Revaluation Reserve	15		17,655		17,655	
Profit & Loss Account	15		<u>25,669</u>		<u>551</u>	
			<u>£63,324</u>		<u>£18,208</u>	

The accounts were approved by the Board of Directors on 16th December 1986.

C.W. Holroyd)
A.D. Meek) Directors

The Notes on pages 8 to 15 form part of these accounts.

HOLROYD & MEEK LIMITEDSTATEMENT OF SOURCE & APPLICATION OF FUNDSFOR THE YEAR ENDED 26TH SEPTEMBER 1986

	<u>£</u>	<u>1986</u>	<u>£</u>	<u>1985</u>	<u>£</u>
<u>Source of Funds</u>					
Profit/(Loss) Before Taxation		68,816		(9,792)	
Adjustment for Items Not Involving the Movement of Funds:					
Depreciation	27,842		26,380		
Loss on Disposals	<u>556</u>		<u>2,209</u>		
		<u>28,398</u>		<u>28,589</u>	
Total Generated from Operations		97,214		18,797	
<u>Funds from Other Sources</u>					
Sale of Tangible Fixed Assets	5,251		7,498		
Increase in Creditors due in More Than One Year	<u>28,295</u>		<u>5,984</u>		
		<u>33,546</u>		<u>13,482</u>	
		130,760		32,279	
<u>Application of Funds</u>					
Purchase of Tangible Fixed Assets	<u>101,185</u>		<u>67,340</u>		
		(101,185)		(67,340)	
<u>Increase/(Decrease) in Working Capital</u>		<u>£29,575</u>		<u>£(35,061)</u>	
<u>Components of Increase/(Decrease) in Working Capital</u>					
Increase in Stocks		29,482		57,998	
(Decrease)/Increase in Debtors		(79,353)		325,049	
(Increase) in Creditors due Within One Year		(117,930)		(392,899)	
<u>Movement in Net Liquid Funds</u>					
Bank	198,990		(26,403)		
Cash in Hand	<u>(1,614)</u>		<u>1,194</u>		
		<u>197,376</u>		<u>(25,209)</u>	
		<u>£29,575</u>		<u>£(35,061)</u>	

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

1. Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's accounts.

Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings.

Depreciation

Depreciation is provided on all Tangible Fixed Assets other than Freehold Land, at rates calculated to write off the cost of each asset over its expected useful life. Freehold Buildings and assets held under finance leases are written off on a straight line basis, all other assets being written off on a reducing balance basis. The rates of depreciation applied vary as noted below:-

Freehold Buildings	2%
Motor Vehicles	20 - 25%
Plant, Fixtures & Equipment	10 - 25%

Leased Assets

Assets held under leasing agreements that transfer substantially all the risks and rewards of ownership are capitalised, and are depreciated over their expected useful lives. Leasing liabilities are included within creditors as obligations under finance leases. Finance charges are written off over the primary period of the lease so as to give a constant periodic rate of charge on the remaining obligation. Where the value of finance charges is not material they are written off in equal instalments over the period of the lease.

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

This represents a change in accounting policy from previous years and has been made to enable the Company to comply with the provisions of Statement of Standard Accounting Practice number 21.

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

1. Accounting Policies (Continued)

Goodwill

Purchased Goodwill is now written off on acquisition. The previous policy was to amortize such Goodwill over ten years.

Stocks

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

Deferred Taxation

Deferred taxation is provided only in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that there is a reasonable probability that such deferred taxation will be payable within the foreseeable future. Timing differences are due primarily to the excess of accelerated taxation allowances on capital expenditure over the corresponding depreciation charged in the accounts.

Comparative Figures

The comparative figures in these accounts have been restated as necessary to reflect the change in accounting policies relating to leased assets and goodwill.

2. Turnover

Turnover represents the invoiced amount of goods sold, stated net of value added tax.

The Company's turnover arises throughout Britain.

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

3. Operating Profit

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
This is stated after charging:-		
Directors' Remuneration	41,577	29,303
Auditors' Remuneration	3,500	4,500
Depreciation of Owned Assets	7,253	9,338
Depreciation of Assets Held Under Finance		
Leases & Hire Purchase Contracts	20,589	17,042
Bad Debts	10,350	21,866
Operating Lease & Contract Hire Charges	<u>54,260</u>	<u>4,182</u>

4. Staff Costs

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Wages & Salaries	198,920	127,831
Social Security Costs	25,808	13,112
Other Pension Costs	<u>4,008</u>	<u>4,008</u>
	<u>£228,736</u>	<u>£144,951</u>

The average weekly number of employees during the year was made up as follows:-

	<u>1986</u>	<u>1985</u>
	No.	No.
Office & Management	12	11
Warehousing	8	7
Distribution	<u>10</u>	<u>8</u>
	<u>30</u>	<u>26</u>

5. Interest Payable

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Bank Overdraft	8,752	5,882
Mortgage	2,336	2,698
Hire Purchase	3,685	4,803
Finance Leases	3,858	3,376
Bank Loan	1,080	1,456
Other Loans	<u>216</u>	<u>-</u>
	<u>£19,927</u>	<u>£18,215</u>

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

5. Interest Payable (Continued)

The bank overdraft, other loans, hire purchase and finance lease creditors are wholly repayable within five years. Details of the repayment provisions of the bank loan and mortgage are shown in note 12.

6. Taxation on Profit on Ordinary Activities

The taxation charge/(credit) for the year is as follows:-

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Corporation Tax at Current Rates	14,500	-
Deferred Taxation	<u>9,200</u>	<u>(2,900)</u>
	<u>£23,700</u>	<u>£(2,900)</u>

7. Intangible Fixed Assets

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Balance at 1st October 1985:		
As Previously Stated	4,000	4,500
Prior Year Adjustment (see notes 15 & 16)	<u>(4,000)</u>	<u>(4,500)</u>
Balance at 26th September 1986	<u>-</u>	<u>-</u>

The Company's accounting policy in relation to purchased goodwill has changed during the year, giving rise to the prior year adjustment. The change in policy is detailed in note 1.

HOLROYD & MEEK LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE YEAR ENDED 26TH SEPTEMBER 19868. Tangible Fixed Assets

	<u>Freehold Land/Bldgs</u>	<u>Motor Vehicles</u>	<u>Plant Fixtures & Equipment</u>	<u>Total</u>
<u>Cost or Valuation</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st October 1985	48,500	87,740	41,384	177,624
Additions	-	49,810	51,375	101,185
Disposals	-	(12,553)	(475)	(13,028)
At 26th September 1986	<u>48,500</u>	<u>124,997</u>	<u>92,284</u>	<u>265,781</u>
<u>Depreciation</u>				
At 1st October 1985	990	26,084	7,491	34,565
Charge for the Year	600	15,299	11,943	27,842
Released on Disposals	-	(6,998)	(223)	(7,221)
At 26th September 1986	<u>1,590</u>	<u>34,385</u>	<u>19,211</u>	<u>55,186</u>
<u>Net Book Values</u>				
At 26th September 1986	<u>46,910</u>	<u>90,612</u>	<u>73,073</u>	<u>210,595</u>
At 30th September 1985	<u>47,510</u>	<u>61,656</u>	<u>33,893</u>	<u>143,059</u>

Included within tangible fixed assets are the following capitalised values and related accumulated depreciation at 26th September 1986 of assets held under finance leases and hire purchase contracts:-

	<u>Motor Vehicles</u>	<u>Plant Fixtures & Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Capitalised Value	122,297	55,884	178,181
Depreciation	<u>(32,352)</u>	<u>(10,885)</u>	<u>(43,237)</u>
	<u>£89,945</u>	<u>£44,999</u>	<u>£134,944</u>

9. Stocks

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Goods for Resale	<u>165,821</u>	<u>136,339</u>

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

10. Debtors

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Trade Debtors	472,475	558,690
Other Debtors	24,032	18,882
Prepayments	<u>10,194</u>	<u>8,482</u>
	<u>£506,701</u>	<u>£586,054</u>

11. Creditors: Amounts Falling Due Within One Year

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Trade Creditors	749,182	658,691
Directors' Loan Accounts	1,686	-
Mortgage	545	540
Bank Loan (see Note 12)	3,600	3,600
Other Loans	4,142	-
Bank Overdraft	-	62,018
Social Security	9,596	10,043
Current Taxation	14,500	-
Hire Purchase Obligations	33,479	15,079
Finance Lease Obligations	17,331	12,389
Accruals	<u>18,307</u>	<u>19,596</u>
	<u>£852,368</u>	<u>£781,956</u>

The bank overdraft facility is secured by a debenture on the Company's assets and a second charge on the freehold offices and cold store situated at Gordon Street, Chadderton.

12. Creditors: Amounts Falling Due After More Than One Year

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Mortgage	14,591	15,141
Bank Loan	5,383	7,195
Other Loans	2,619	-
Hire Purchase Obligations	41,491	9,853
Finance Lease Obligations	<u>20,393</u>	<u>23,993</u>
	<u>£84,477</u>	<u>£56,182</u>

HOLROYD & MEEK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

12. Creditors: Amounts Falling Due After More Than One Year - (Continued)

(i) Mortgage - Norwich General Trust Limited.

The original loan of £16,500 is repayable over fifteen years commencing on 10th January 1984. The loan is secured by a first mortgage on the freehold offices and cold store situated at Gordon Street, Chadderton.

(ii) Bank Loan - The Royal Bank Of Scotland plc.

The original loan of £13,500 is repayable over seven years commencing on 5th March 1984. The loan is secured by a Debenture on the Company's assets (dated 1st November 1983) and a second charge on the freehold offices and cold store situated at Gordon Street, Chadderton.

13. Deferred Taxation

Deferred Taxation represents a full provision at the small companies rate of taxation of 29% of the potential liability arising on the following timing differences:-

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Capital Allowances in Advance of		
Book Depreciation	18,400	12,500
Other Timing Differences	1,600	-
Trading Losses	-	(1,700)
	<u>£20,000</u>	<u>£10,800</u>

No provision has been made for the potential liability to taxation of £5,300 on the Revaluation Surplus arising on the freehold property as it is not the Company's intention to dispose of the property in the foreseeable future.

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 26TH SEPTEMBER 1986

14. Share Capital

	<u>Authorised No.</u>		<u>Allotted, Called Up & Fully Paid</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Ordinary Shares of £1 each	<u>20,000</u>	<u>100</u>	<u>20,000</u>	<u>2</u>

The authorised share capital of the Company was increased to 20,000 Ordinary £1 Shares by an ordinary resolution on 17th September 1986. A bonus issue of 9,999 shares for every 1 held was also made on the same date.

15. Reserves

	<u>Revaluation Reserve</u>	<u>Profit & Loss Account</u>
	<u>£</u>	<u>£</u>
Balances at 1.10.85:		
As Previously Reported	17,655	4,209
Prior Year Adjustment		(3,658)
As Restated		551
Retained Profit for the Year		45,116
Capitalised by Way of Bonus		
Share Issue (see note 14)		(19,998)
	<u>£17,655</u>	<u>£25,669</u>

16. Prior Year Adjustment

The prior year adjustment arises as a result of the changes in accounting policies relating to assets held under finance leases and goodwill. The changes in policy are detailed in note 1 and the prior year adjustment is analysed below:-

	<u>£</u>
Purchased Goodwill Written Off	4,000
Excess of capitalised value less depreciation and charges over payments relating to assets held under finance leases.	(342)
	<u>£3,658</u>

17. Capital Commitments

Since the year end the Company has acquired new tangible fixed assets having a total cost or capitalised value of approximately £69,000. These assets are largely held under hire purchase contracts and in the main represent replacements for owned and contract hired vehicles held at 26th September 1986.