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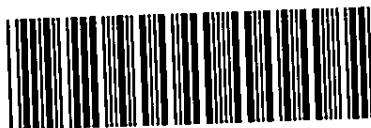
**WALTER SMITH (BIRMINGHAM) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**

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30/01/2009  
COMPANIES HOUSE



**Clement Keys**

CHARTERED ACCOUNTANTS

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

A Ayres (resigned 5 November 2008)  
M Burnhope  
P Cadman  
R Jones  
A Yorath

**COMPANY SECRETARY**

P Cadman

**COMPANY NUMBER**

1835722

**REGISTERED OFFICE**

Crosby Court  
28 George Street  
Birmingham  
B3 1QG

**AUDITOR**

Clement Keys  
Chartered Accountants & Registered Auditors  
39/40 Calthorpe Road  
Birmingham  
B15 1TS

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## WALTER SMITH (BIRMINGHAM) LIMITED

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## **WALTER SMITH (BIRMINGHAM) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008**

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The directors present their report and the financial statements for the year ended 31 March 2008.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the period was that of retail butchers and poulterers.

#### **BUSINESS REVIEW**

The trading environment during the year proved to be very testing. As part of our long term strategy to only trade from profitable units, we took the opportunity to close four loss making shops which cost around £695,000 in turnover and £35,000 in expenditure to correct dilapidations.

Sales from continuing shops increased by 2%, as did gross margins which increased from 43.3% to 43.7%.

The modest profit of £20,617 before taxation, whilst disappointing, reflects a transitional period as we realign our cost base to cater for a lower number of retail outlets.

We have continued this closure program during 2008/9 as sales revenues have softened as a result of the 'credit crunch', but continue to look to take advantage of store openings in areas that we believe could be successful.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £23,504 (2007 - profit £812).

The directors do not recommend the payment of a dividend.

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

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**DIRECTORS**

The directors who served during the year were:

A Ayres (resigned 5 November 2008)  
M Burnhope  
P Cadman  
R Jones  
A Yorath

**PRINCIPAL RISKS AND UNCERTAINTIES**

The current trading environment is challenging as retailers suffer from reduced consumer spending resulting in the need to trade very aggressively and to allow margins to be squeezed in order to generate sales.

As a result of the recent volatility in the financial markets, asset values in the defined benefit pension scheme have seen a reduction since the year end, which if maintained in the long term will result in an increasing cost burden on the business.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The company will continue its policy of investment in research and development in order to retain a competitive market position.

**PROVISION OF INFORMATION TO AUDITOR**

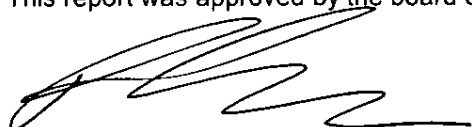
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**AUDITOR**

The auditor, Clement Keys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 January 2009 and signed on its behalf.



**P Cadman**  
Director

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## **WALTER SMITH (BIRMINGHAM) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WALTER SMITH (BIRMINGHAM) LIMITED**

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We have audited the financial statements of Walter Smith (Birmingham) Limited for the year ended 31 March 2008, set out on pages 5 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WALTER SMITH (BIRMINGHAM)  
LIMITED**

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**OPINION**

The financial statements do not contain disclosures regarding the defined benefit pension scheme operated by the company as required by Financial Reporting Standard 17 'Retirement Benefits' and in our opinion, information about the company's obligations to this scheme are necessary for a proper understanding of the company's state of affairs and profit.

Except for the failure to provide information about the company's obligations to the defined benefit scheme, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2008 and of its profits for the year then ended, and have been properly prepared in accordance with Companies Act 1985.

In our opinion the information given in the Directors' Report is consistent with the financial statements



**CLEMENT KEYS**  
Chartered Accountants  
Registered Auditors  
39/40 Calthorpe Road  
Birmingham  
B15 1TS

Date:

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WALTER SMITH (BIRMINGHAM) LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008

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	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	<b>12,282,240</b>	<b>12,743,296</b>
Cost of sales		<u>(6,917,025)</u>	<u>(7,230,465)</u>
<b>GROSS PROFIT</b>		<b>5,365,215</b>	<b>5,512,831</b>
Administrative expenses		<b>(5,411,868)</b>	<b>(5,529,185)</b>
Other operating income	3	<u>70,804</u>	<u>34,664</u>
<b>OPERATING PROFIT</b>	4	<b>24,151</b>	<b>18,310</b>
<b>EXCEPTIONAL ITEMS</b>	8		
Net profit/(loss) on sale of tangible fixed assets	8	<u>2,363</u>	<u>(1,210)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>26,514</b>	<b>17,100</b>
Interest receivable		515	426
Interest payable	7	<u>(6,412)</u>	<u>(4,443)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>20,617</b>	<b>13,083</b>
Tax on profit on ordinary activities	9	<u>(44,121)</u>	<u>(12,271)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	18	<u><b>(23,504)</b></u>	<u><b>812</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 9 to 20 form part of these financial statements.



**WALTER SMITH (BIRMINGHAM) LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	10	511	1,066
Tangible fixed assets	11	838,277	854,792
		<u>838,788</u>	<u>855,858</u>
<b>CURRENT ASSETS</b>			
Stocks	12	151,994	159,527
Debtors: amounts falling due after more than one year	13	916,334	916,334
Debtors: amounts falling due within one year	13	731,930	603,190
		<u>1,800,258</u>	<u>1,679,051</u>
<b>CREDITORS:</b> amounts falling due within one year	14	<u>(1,559,723)</u>	<u>(1,487,294)</u>
<b>NET CURRENT ASSETS</b>		<u>240,535</u>	<u>191,757</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,079,323</u>	<u>1,047,615</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15	(27,235)	(12,888)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	16	(116,190)	(75,325)
<b>NET ASSETS</b>		<u>935,898</u>	<u>959,402</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100,100	100,100
Share premium account		719,301	719,301
Profit and loss account	18	116,497	140,001
<b>SHAREHOLDERS' FUNDS</b>	19	<u>935,898</u>	<u>959,402</u>

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**BALANCE SHEET (continued)  
AS AT 31 MARCH 2008**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 January 2009.



**M Burnhope**  
Director

The notes on pages 9 to 20 form part of these financial statements.

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WALTER SMITH (BIRMINGHAM) LIMITED

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CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008

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	Note	2008 £	2007 £
Net cash flow from operating activities	20	116,266	(39,639)
Returns on investments and servicing of finance	21	(5,897)	(4,017)
Taxation		(13,720)	348
Capital expenditure and financial investment	21	(163,433)	(74,911)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(66,784)</b>	<b>(118,219)</b>
Financing	21	10,731	(37,602)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(56,053)</b>	<b>(155,821)</b>

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RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2008

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	2008 £	2007 £
Decrease in cash in the year	(56,053)	(155,821)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(10,731)	37,602
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(66,784)</b>	<b>(118,219)</b>
Net (debt)/funds at 1 April 2007	(83,522)	34,697
<b>NET DEBT AT 31 MARCH 2008</b>	<b>(150,306)</b>	<b>(83,522)</b>

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The notes on pages 9 to 20 form part of these financial statements.

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## WALTER SMITH (BIRMINGHAM) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### 1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	10% straight line
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##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short-term Leasehold property	-	7 years straight line over the period of the lease
Motor vehicles	-	25% straight line
Fixtures & fittings	-	10-30% reducing balance or straight line

##### 1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 1.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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WALTER SMITH (BIRMINGHAM) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008

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1. ACCOUNTING POLICIES (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.9 Pensions

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2008 £	2007 £
Other operating income	<u>70,804</u>	<u>34,664</u>

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2008 £	2007 £
Amortisation - intangible fixed assets	555	555
Depreciation of tangible fixed assets:		
- owned by the company	171,946	171,483
- held under finance leases	11,876	13,113
Auditors' remuneration	20,375	16,100
Operating lease rentals:		
- other operating leases	607,085	661,100
	<u>607,085</u>	<u>661,100</u>

**5. STAFF COSTS**

Staff costs were as follows:

	2008 £	2007 £
Wages and salaries	2,798,962	2,930,578
Social security costs	197,198	217,153
Other pension costs	255,148	227,022
	<u>3,251,308</u>	<u>3,374,753</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2008 £	2007 £
Shop staff	220	235
Administrative staff	4	4
	<u>224</u>	<u>239</u>

**6. DIRECTORS' REMUNERATION**

	2008 £	2007 £
Emoluments	<u>29,849</u>	<u>29,715</u>

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WALTER SMITH (BIRMINGHAM) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008

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7. INTEREST PAYABLE

	2008 £	2007 £
On bank loans and overdrafts	451	-
On other loans	1,068	670
On finance leases and hire purchase contracts	4,309	3,424
Other interest payable	584	349
	<u>6,412</u>	<u>4,443</u>

8. EXCEPTIONAL ITEMS

	2008 £	2007 £
Profit/ (loss) on disposal of fixed assets	<u>2,363</u>	<u>(1,210)</u>

9. TAXATION

	2008 £	2007 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	7,000	25,915
Adjustments in respect of prior periods	(3,744)	(6,438)
<b>Total current tax</b>	<u>3,256</u>	<u>19,477</u>
<b>Deferred tax</b> (see note 16)		
Origination and reversal of timing differences	<u>40,865</u>	<u>(7,206)</u>
<b>Tax on profit on ordinary activities</b>	<u>44,121</u>	<u>12,271</u>

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WALTER SMITH (BIRMINGHAM) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008

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9. TAXATION (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2007 - *lower than*) the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	20,617	13,083
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2007 - 30%)	4,123	3,925
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,638	1,353
Depreciation for year in excess of capital allowances	9,460	27,908
Small companies relief	-	(7,271)
Income not taxable	(4,000)	-
Group relief claims	(1,403)	-
Adjustments to tax charge in respect of prior periods	(3,744)	(6,438)
Other adjustments	182	-
Capital losses utilised	(4,000)	-
<b>Current tax charge for the year</b> (see note above)	3,256	19,477

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>Cost</b>	
At 1 April 2007 and 31 March 2008	5,553
<b>Amortisation</b>	
At 1 April 2007	4,487
Charge for the year	555
At 31 March 2008	5,042
<b>Net book value</b>	
At 31 March 2008	511
At 31 March 2007	1,066



**WALTER SMITH (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**11. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2007	380,225	65,274	3,635,280	4,080,779
Additions	68,523	32,100	65,868	166,491
Disposals	-	(16,619)	-	(16,619)
At 31 March 2008	<u>448,748</u>	<u>80,755</u>	<u>3,701,148</u>	<u>4,230,651</u>
<b>Depreciation</b>				
At 1 April 2007	305,936	27,796	2,892,255	3,225,987
Charge for the year	32,462	12,508	137,341	182,311
On disposals	-	(15,924)	-	(15,924)
At 31 March 2008	<u>338,398</u>	<u>24,380</u>	<u>3,029,596</u>	<u>3,392,374</u>
<b>Net book value</b>				
At 31 March 2008	<u>110,350</u>	<u>56,375</u>	<u>671,552</u>	<u>838,277</u>
At 31 March 2007	<u>74,289</u>	<u>37,478</u>	<u>743,025</u>	<u>854,792</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2008 £	2007 £
Fixtures and fittings	22,873	68,683
Motor vehicles	41,515	29,515
	<u>64,388</u>	<u>98,198</u>

**12. STOCKS**

	2008 £	2007 £
Raw materials	<u>151,994</u>	<u>159,527</u>

**WALTER SMITH (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**13. DEBTORS**

	2008 £	2007 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	916,334	916,334
	<u>916,334</u>	<u>916,334</u>
<b>Due within one year</b>		
Trade debtors	81,802	26,658
Amounts owed by group undertakings	269,236	239,805
Other debtors	145,650	108,293
Prepayments and accrued income	235,242	228,434
	<u>731,930</u>	<u>603,190</u>

**14. CREDITORS:**

**Amounts falling due within one year**

	2008 £	2007 £
Bank loans and overdrafts	97,164	41,111
Net obligations under finance leases and hire purchase contracts	25,907	29,523
Trade creditors	718,155	730,983
Amounts owed to group undertakings	302,032	357,561
Corporation tax	30,104	40,566
Social security and other taxes	71,287	59,886
Other creditors	55,816	26,654
Accruals and deferred income	259,258	201,010
	<u>1,559,723</u>	<u>1,487,294</u>

The overdraft is secured over a debenture incorporating both a fixed and floating charge over the assets of the company. Hire purchase agreements are secured by the assets to which they relate.

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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**15. CREDITORS:**

**Amounts falling due after more than one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>27,235</b>	<b>12,888</b>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Between one and five years	<b>27,235</b>	<b>12,888</b>

The bank has a debenture incorporating both a fixed and floating charge over the assets of the company. Hire purchase agreements are secured by the assets to which they relate.

**16. DEFERRED TAXATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>75,325</b>	<b>82,531</b>
Charge for/(released during) year	<b>40,865</b>	<b>(7,206)</b>
At end of year	<b>116,190</b>	<b>75,325</b>

The provision for deferred taxation is made up as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>116,190</b>	<b>75,325</b>

**17. SHARE CAPITAL**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted, called up and fully paid</b>		
100,100 Ordinary shares of £1 each	<b>100,100</b>	<b>100,100</b>

**WALTER SMITH (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**18. RESERVES**

	Profit and loss account £
At 1 April 2007	140,001
Loss for the year	(23,504)
	<u>116,497</u>
At 31 March 2008	<u>116,497</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Opening shareholders' funds	959,402	958,590
(Loss)/profit for the year	(23,504)	812
	<u>935,898</u>	<u>959,402</u>
Closing shareholders' funds	<u>935,898</u>	<u>959,402</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2008 £	2007 £
Operating profit	24,151	18,310
Amortisation of intangible fixed assets	555	555
Depreciation of tangible fixed assets	182,311	184,596
Decrease/(increase) in stocks	7,533	(10,536)
Increase in debtors	(128,736)	(125,369)
Increase/(decrease) in creditors	30,452	(107,195)
	<u>116,266</u>	<u>(39,639)</u>
Net cash inflow/(outflow) from operations	<u>116,266</u>	<u>(39,639)</u>

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	515	426
Interest paid	(2,103)	(1,019)
Hire purchase interest	(4,309)	(3,424)
	<u>(5,897)</u>	<u>(4,017)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(5,897)</u>	<u>(4,017)</u>

**WALTER SMITH (BIRMINGHAM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2008 £	2007 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(166,491)	(74,911)
Sale of tangible fixed assets	3,058	-
	<u>(163,433)</u>	<u>(74,911)</u>
<b>Net cash outflow from capital expenditure</b>		
	2008 £	2007 £
<b>Financing</b>		
New finance leases	10,731	-
Repayment of finance lease	-	(37,602)
	<u>-</u>	<u>(37,602)</u>

**22. ANALYSIS OF CHANGES IN NET DEBT**

	1 April 2007 £	Cash flow £	Other non-cash changes £	31 March 2008 £
Bank overdraft	(41,111)	(56,053)	-	(97,164)
	<u>(41,111)</u>	<u>(56,053)</u>	<u>-</u>	<u>(97,164)</u>
<b>Debt:</b>				
Finance leases	(42,411)	(10,731)	-	(53,142)
	<u>(83,522)</u>	<u>(66,784)</u>	<u>-</u>	<u>(150,306)</u>
<b>Net debt</b>				

**23. CONTINGENT LIABILITIES**

At the year end, bank cross guarantees were in place between Walter Smith (Birmingham) Limited, Thimslaw Limited, Crosby Management Training Limited and their parent company, Walter Smith (Retail) Limited in favour of National Westminster Bank plc. The debts owed by group companies were as follows:

Walter Smith (Birmingham) Limited - £109,071 (2007: £58,859)

Thimslaw Limited - £130,558 (2007: £139,252)

Crosby Management Training Limited - £74,989 (2007: £87,069)

Walter Smith (Retail) Limited - £65,464 (2007: £1,188)

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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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**24. PENSION COMMITMENTS**

Walter Smith (Birmingham) Limited operates a defined benefit pension scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The pension charge for the year ended 31 March 2008 was £255,148 (2007-£227,022).

Included within other debtors is £7,764 (2007:£4,257) due from the pension scheme.

**25. OPERATING LEASE COMMITMENTS**

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	<b>186,365</b>	<b>161,875</b>
Between 2 and 5 years	<b>220,310</b>	<b>290,975</b>
After more than 5 years	<b>172,000</b>	<b>208,250</b>

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## WALTER SMITH (BIRMINGHAM) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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#### 26. RELATED PARTY TRANSACTIONS

M E Burnhope, who is a director of the company was also a director of the following companies during the year in which the following transactions have been carried out under normal commercial trading terms. P Cadman, who is a director of the company is also a director of Abbachem Limited.

	2008 £	2007 £
Systemcare Limited- Sales	3,734	5,385
Crosby Management Limited-Sales	1,257	1,914
Abbachem Limited- Sales	22,199	22,239
Abbachem Limited- Purchases	102,945	-
Paddock Fabrication Limited- Sales	-	4,835
	-	-

Included in trade debtors at the year end was £6,321 (2007: £1,803 due to) due from Abbachem Limited, a company in which M E Burnhope is a director. Included in trade debtors at the year end is £7,701 (2007: £Nil) due from Crosby Court, a property partly owned by the directors A Ayres and M E Burnhope.

At 31 March 2008, the following directors owed the company the following amounts:

P Cadman	£4,848 (2007:£4,948)
A Yorath	£4,995 (2007:£4,995)
R Jones	£4,957 (2007:£4,979)
M Burnhope	£Nil (2007: 3,470)

The maximum liability during the year for the above directors were:

	£
P Cadman	4,848
A Yorath	4,995
R Jones	4,979

At the year end the company's ultimate parent company, Walter Smith (Retail) Limited, owed £1,162,405 (2007:£1,112,698). Included in debtors is £23,164 (2007:£43,255) owed by Crosby Management Training Limited, a fellow subsidiary of Thimslaw Limited.

Included in creditors is £302,032 (2007:£365,662) owed to Thimslaw Limited, the immediate parent company. At the year end, the company owed, M Burnhope, a director, £38,112 (2007-was owed £3,470).

During the year the company paid management charges of £172,000 (2007: £172,000) to Thimslaw Limited, its immediate parent company.

#### 27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Thimslaw Limited, a company registered in Great Britain. The ultimate parent company is Walter Smith (Retail) Limited, a company registered in Great Britain. Both the immediate and ultimate parent companies are exempt from the requirements to prepare group accounts under section 221 of the Companies Act 1985.

There is no ultimate controlling party.

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WALTER SMITH (BIRMINGHAM) LIMITED

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008

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	Page	2008 £	2007 £
<b>TURNOVER</b>	22	<b>12,282,240</b>	<b>12,743,296</b>
Cost of sales	22	<b>(6,917,025)</b>	<b>(7,230,465)</b>
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		<b>5,365,215</b>	<b>5,512,831</b>
Other operating income	22	<b>70,804</b>	<b>34,664</b>
		<hr/>	<hr/>
		<b>5,436,019</b>	<b>5,547,495</b>
 <b>LESS: OVERHEADS</b>			
Administration expenses	22	<b>(3,261,308)</b>	<b>(3,374,753)</b>
Establishment expenses	22	<b>(887,289)</b>	<b>(886,665)</b>
General expenses	23	<b>(609,676)</b>	<b>(561,594)</b>
Financial costs	23	<b>(653,595)</b>	<b>(706,173)</b>
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		<b>24,151</b>	<b>18,310</b>
Interest receivable	22	<b>515</b>	<b>426</b>
Interest payable	23	<b>(6,412)</b>	<b>(4,443)</b>
Exceptional items	23	<b>2,363</b>	<b>(1,210)</b>
		<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>		<b>20,617</b>	<b>13,083</b>
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**WALTER SMITH (BIRMINGHAM) LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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	2008 £	2007 £
<b>TURNOVER</b>		
Sales - UK	<u>12,282,240</u>	<u>12,743,296</u>
	2008 £	2007 £
<b>COST OF SALES</b>		
Purchases and incidentals	<u>6,917,025</u>	<u>7,230,465</u>
	2008 £	2007 £
<b>OTHER OPERATING INCOME</b>		
Other operating income	<u>70,804</u>	<u>34,664</u>
	2008 £	2007 £
<b>ADMINISTRATION EXPENSES</b>		
Staff salaries	2,798,962	2,930,578
Staff national insurance	197,198	217,153
Staff pensions	255,148	227,022
Bad debts	10,000	-
	<u>3,261,308</u>	<u>3,374,753</u>
	2008 £	2007 £
<b>ESTABLISHMENT EXPENSES</b>		
Rent, rates and insurance	499,702	491,472
Light and heat	193,055	218,704
Repairs and maintenance	153,683	134,881
Cleaning, laundry and refuse disposal	40,849	41,608
	<u>887,289</u>	<u>886,665</u>
	2008 £	2007 £
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<u>515</u>	<u>426</u>

**WALTER SMITH (BIRMINGHAM) LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £	2007 £
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	451	-
Other loan interest payable	1,068	670
Other interest - on overdue tax	584	349
Hire purchase interest payable	4,309	3,424
	<u>6,412</u>	<u>4,443</u>
	2008 £	2007 £
<b>EXCEPTIONAL ITEMS</b>		
Profit/(loss) on disposal of fixed assets	2,363	(1,210)
	<u>2,363</u>	<u>(1,210)</u>
	2008 £	2007 £
<b>GENERAL EXPENSES</b>		
Travel and subsistence	22,452	22,780
Telephone and fax	14,328	14,318
Printing and stationery	12,471	11,444
Staff training	4,136	1,403
Trade subscriptions	3,337	5,394
Sundry expenses	19,688	12,571
Computer costs	13,495	7,057
Motor running costs	87,039	74,746
Advertising and promotion	38,638	23,131
Management charges payable	172,000	172,000
Legal and professional	17,340	15,501
Auditors' remuneration	20,375	16,100
Amortisation - intangible fixed assets	555	555
Depreciation	183,822	184,594
	<u>609,676</u>	<u>561,594</u>
	2008 £	2007 £
<b>FINANCIAL COSTS</b>		
Rent - operating leases	607,085	661,100
Bank charges	46,510	45,073
	<u>653,595</u>	<u>706,173</u>