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WALTER SMITH (BIRMINGHAM) LIMITED
Registered number 1835722
ACCOUNTS

5 APRIL 1997

2. Directors' report
4. Auditors' report
5. Profit and loss account
6. Balance sheet
7. Notes to the accounts



DIRECTORS' REPORT

The directors present their report and the accounts for the period ended 5 April 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

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

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 AND BUSINESS REVIEW

The principal activity of the company which has remained unchanged during the financial period was retail butchers and poulterers.

The directors are satisfied with the results for the year. During the year the share capital of the company was acquired by Thimslaw Limited, a company wholly owned by the current directors of Walter Smith (Birmingham) Limited. The company also acquired five shops from Walter Smith Farms Limited during the year.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

Messrs A Ayres and D F Harper were directors of the company throughout the year.

Mr M E Burnhope was appointed as a director on 5 July 1996.

Messrs J R L Smith and C T Keen resigned on 5 July 1996.

No director had any interest in the share capital of the company.

Details of the current directors shareholdings in the company's parent undertaking, Thimslaw Limited, are shown in that company's accounts.

COMMUNICATION WITH EMPLOYEES

The Directors recognise the importance of good communications and relations with employees. Accordingly regular discussions take place with employees.

WALTER SMITH (BIRMINGHAM) LIMITED

DIRECTORS' REPORT (continued)

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirement of the job can adequately be fulfilled by a handicapped or disabled person.

AUDITORS

A resolution will be proposed at the annual general meeting to appoint Moores Rowland as auditors.

Approved by the board on 20/8/07
and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'ME Burnhope', with a large circular flourish at the end.

M E Burnhope
Director

AUDITORS' REPORT TO THE MEMBERS OF WALTER SMITH (BIRMINGHAM) LIMITED

We have audited the accounts on pages 5 to 12

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 5 April 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants
Registered Auditors

WALSALL

22-8-97

WALTER SMITH (BIRMINGHAM) LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 5 April 1997

	Notes	1997 £	1996 £
TURNOVER	2	14,686,517	13,936,463
Cost of sales		(9,927,507)	(9,756,336)
GROSS PROFIT		<u>4,759,010</u>	<u>4,180,127</u>
Net operating expenses	3	(4,535,077)	(4,213,463)
		<u>223,933</u>	<u>(33,336)</u>
Exceptional items	4	-	(970,375)
OPERATING PROFIT (LOSS)		<u>223,933</u>	<u>(1,003,711)</u>
Bank interest receivable		2,174	41,412
Interest payable	5	(9,331)	(2,439)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>216,776</u>	<u>(964,738)</u>
Taxation on profit (loss) on ordinary activities	7	<u>73,471</u>	<u>69,540</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		290,247	(895,198)
(Deficit) retained profits at 1 April 1996		(695,731)	199,467
DEFICIT AT 5 APRIL 1997		<u>(405,484)</u>	<u>(695,731)</u>

All of the company's operations are continuing.

There are no recognised gains or losses other than the profit for the period.

WALTER SMITH (BIRMINGHAM) LIMITED

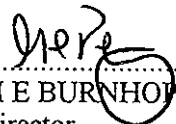
BALANCE SHEET

5 April 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	8		1,008,101		1,027,554
CURRENT ASSETS					
Stocks	9	87,034		107,575	
Debtors	10	266,744		393,794	
Cash at bank and in hand		298,200		150,093	
		<u>651,978</u>		<u>651,462</u>	
CREDITORS - amounts falling due within one year	11	(1,090,521)		(1,293,065)	
NET CURRENT LIABILITIES			(438,543)		(641,603)
TOTAL ASSETS LESS CURRENT LIABILITIES			569,558		385,951
CREDITORS - amounts falling due after more than one year	12	(14,276)		(20,150)	
PROVISIONS FOR LIABILITIES AND CHARGES	13	(141,365)		(242,131)	
			(155,641)		(262,281)
			<u>413,917</u>		<u>123,670</u>
CAPITAL AND RESERVES					
Called up share capital	14		100,100		100,100
Share premium account			719,301		719,301
Profit and loss account			(405,484)		(695,731)
SHAREHOLDERS' FUNDS			<u>413,917</u>		<u>123,670</u>

Approved by the board on
and signed on its behalf by:

20/8/97


M E BURNHOPE
Director

NOTES TO THE ACCOUNTS

Period ended 5 April 1997

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and on the going concern basis.

Accounting period

The accounts are for the period from 1 April 1996 to 5 April 1997. The comparatives are for the period 2 April 1995 to 31 March 1996.

Turnover

Turnover represents amounts invoiced by the company in respect of goods sold and services rendered during the period stated net of value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off the cost or value over their estimated useful lives at the following rates:

Alteration of leasehold properties	-	7 years straight line or over the period of the lease
Fixtures and fittings and equipment etc	-	10-30% per annum reducing balance or straight line
Motor vehicles	-	25% per annum straight line

Stocks

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is calculated under the liability method and provision is made to the extent that it is probable a liability will crystallise.

Assets held under finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts. The capitalised values and finance charges are written off over the shorter of the period of the contract or the useful life of the assets concerned.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in the period that the cost is incurred.

Pensions

The costs of the defined benefit scheme are charged to the profit and loss account in accordance with actuarial advice in order to spread the cost of pensions over the service lives of employees.

WALTER SMITH (BIRMINGHAM) LIMITED

NOTES TO THE ACCOUNTS (continued)

Period ended 5 April 1997

2. TURNOVER AND PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit (loss) on ordinary activities are attributable to the principal activity of the company.

Profit (loss) on ordinary activities is stated after charging (crediting):

	1997 £	1996 £
Directors' emoluments	187,114	132,700
Depreciation of fixed assets - owned assets	155,717	139,533
- hire purchase assets	3,954	4,207
Loss (profit) on disposal of fixed assets	3,902	(3,500)
Auditors' remuneration	7,500	7,496
Operating leases	749,497	687,631

3. NET OPERATING EXPENSES

Administrative expenses	4,546,347	4,222,923
Net rental income	(11,270)	(9,460)
	<u>4,535,077</u>	<u>4,213,463</u>

4. EXCEPTIONAL ITEMS

Intercompany bad debt	-	177,096
Settlement of bank cross guarantees	-	717,658
Professional fees	-	15,000
Group charges	-	41,805
Bank interest forfeited	-	18,816
	<u>-</u>	<u>970,375</u>

5. INTEREST PAYABLE

Bank loans and overdraft	-	471
Finance lease and hire purchase interest	9,331	1,968
	<u>9,331</u>	<u>2,439</u>

6. DIRECTORS AND EMPLOYEES

The average number of persons including directors, employed by the company during the year was:

	Number	Number
Shops	276	311
Office and management	13	4
	<u>289</u>	<u>315</u>
Staff costs, including directors were:	£	£
Wages and salaries	2,468,189	2,251,889
Social security costs	181,103	158,368
Pension costs	54,199	57,370
	<u>2,703,491</u>	<u>2,467,627</u>

NOTES TO THE ACCOUNTS (continued)
Period ended 5 April 1997

6.

DIRECTORS AND EMPLOYEES (continued)

	1997	1996
	Number	Number
Directors		
Aggregate emoluments	182,169	120,963
Company pension scheme contributions to defined benefit schemes	4,945	11,737
	<u>187,114</u>	<u>132,700</u>
	Number	Number
Directors accruing benefits under defined benefit scheme	<u>3</u>	<u>3</u>

7.

TAXATION

The taxation credit, which is based on the results for the period, is as follows:	£	£
Corporation tax	52,500	-
Deferred tax at 31%	45,000	(3,000)
	<u>97,500</u>	<u>(3,000)</u>
Prior year adjustments		
Corporation tax	(971)	(43,540)
Deferred tax	(170,000)	(23,000)
	<u>(73,471)</u>	<u>(69,540)</u>

8.

TANGIBLE FIXED ASSETS

	Improvement to leasehold properties £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 2 April 1996	123,627	2,644,134	28,859	2,796,620
Additions	27,746	43,943	141,790	213,479
Disposals	(61,650)	(73,286)	(44,952)	(179,888)
	<u>89,723</u>	<u>2,614,791</u>	<u>125,697</u>	<u>2,830,211</u>
At 5 April 1997				
Depreciation				
At 2 April 1996	90,146	1,674,713	4,207	1,769,066
Charge for the period	13,675	129,650	16,346	159,671
Disposals	(61,650)	(38,286)	(6,691)	(106,627)
	<u>42,171</u>	<u>1,766,077</u>	<u>13,862</u>	<u>1,822,110</u>
At 5 April 1997				
Net book value				
At 5 April 1997	<u>47,552</u>	<u>848,714</u>	<u>111,835</u>	<u>1,008,101</u>
At 1 April 1996	<u>33,481</u>	<u>969,421</u>	<u>24,652</u>	<u>1,027,554</u>

The net book value of the company's fixed assets includes £53,113 (1996 - £24,652) in respect of assets held under finance leases and hire purchase contracts.

WALTER SMITH (BIRMINGHAM) LIMITED

NOTES TO THE ACCOUNTS (continued)

Period ended 5 April 1997

9.	STOCKS	1997 £	1996 £
	Finished goods and goods for resale	<u>87,034</u>	<u>107,575</u>
10.	DEBTORS		
	Trade debtors	2,635	6,557
	Amounts owed by parent undertaking	84,959	99,176
	Other debtors	39,247	130,650
	Prepayments and accrued interest	139,903	157,411
		<u>266,744</u>	<u>393,794</u>
11.	CREDITORS - amounts falling due within one year		
	Trade creditors	745,679	809,951
	Bank loans and overdrafts	-	117,961
	Obligations under finance leases and hire purchase contracts	20,826	17,615
	Amounts owed to parent undertaking	-	174,426
	Corporation tax	52,500	971
	Taxation and social security costs	90,217	88,109
	Directors loan account	5,522	-
	Accruals and deferred income	175,777	84,032
		<u>1,090,521</u>	<u>1,293,065</u>
12.	CREDITORS - amounts falling due after more than one year		
	Obligations under finance leases and hire purchase contracts	<u>14,276</u>	<u>20,150</u>

The balance is due within one to two years.

NOTES TO THE ACCOUNTS (continued)
 Period ended 5 April 1997

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Provision at 1 April 1996 £	(Credit)/ charge to profit and loss account £	Provision at 5 April 1997 £
Deferred taxation	170,000	(125,000)	45,000
Pension provisions	72,131	24,234	96,365
	<u>242,131</u>	<u>100,766</u>	<u>141,365</u>

The deferred taxation provision at 31% comprises:

	Unprovided 1997 £	1996 £	Provided 1997 £	1996 £
Excess of capital allowances over depreciation charged	141,200	-	76,800	170,000
Other short term timing differences	-	-	(31,800)	-
	<u>141,200</u>	<u>-</u>	<u>45,000</u>	<u>170,000</u>

14. SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid Equity Ordinary shares of £1 each	<u>100,100</u>	<u>100,100</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Opening shareholders' funds	123,670	1,018,868
Profit (loss) for the financial period	<u>290,247</u>	<u>(895,198)</u>
Closing shareholders' funds	<u>413,917</u>	<u>123,670</u>

NOTES TO THE ACCOUNTS (continued)

Period ended 5 April 1997

16. OPERATING LEASE COMMITMENTS

At 5 April 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	1997	1996
	£	£
Leases which expire:		
Within one year	-	22,000
Two to five years	134,950	140,800
After 5 years	374,597	356,175
	<u>509,547</u>	<u>518,975</u>

17. PENSION SCHEME

Walter Smith (Birmingham) Limited operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. 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 contributions are determined by a qualified actuary on the basis of valuations using the projected unit method, and the main actuarial assumption used was that the net return on investments would exceed pensionable earnings growth by 1.5% per annum. The pension charge for the year ended 5 April 1997 was £54,199 (1996 - £57,370). The most recent actuarial valuation, at 1 October 1995, showed the market value of the scheme's assets to be £4,770,000, which represented 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

A pension provision of £96,365 (note 13) was outstanding at the year end.

18. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party.

During the year the company purchased a car from M E Burnhope, a director, for £22,000 which was considered to be its market value. At the year end the company still owed the director £5,522 on this purchase.

There were no other transactions with related parties in the year.

19. ULTIMATE PARENT COMPANY

The company's parent undertaking and ultimate parent company is Thimslaw Limited, which produces group accounts. Copies of the group accounts are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.