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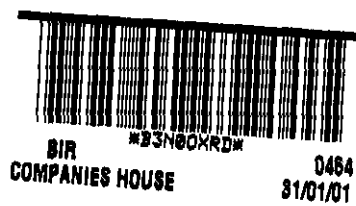
1835722

**Walter Smith (Birmingham) Limited**

Report and Financial Statements

Year Ended

1 April 2000



**BDO Stoy Hayward**  
Chartered Accountants

**Walter Smith (Birmingham) Limited**

**Annual report and financial statements for the year ended 1 April 2000**

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**Directors**

A Ayres  
M E Burnhope  
D F Harper

**Secretary and registered office**

M E Burnhope, Crosby Court, 28 George Street, Birmingham, B3 1QG

**Company number**

1835722

**Auditors**

BDO Stoy Hayward, Tameway Tower, PO Box 30  
Bridge Street, Walsall  
West Midlands, WS1 1QX

## **Walter Smith (Birmingham) Limited**

### **Report of the directors for the year ended 1 April 2000**

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The directors present their report together with the audited financial statements for the year ended 1 April 2000.

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year. The results are for a 52 week trading period.

#### **Principal activities, review of business and future developments**

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

The directors are satisfied with the results for the year.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Employment of disabled persons**

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.

#### **Employee involvement**

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

#### **Directors**

The directors of the company during the year were:

A Ayres  
M E Burnhope  
D F Harper

No director had any beneficial interest in the share capital of the company. Details of the directors' shareholdings in the company's parent undertaking, Thimslaw Limited, are shown in the financial statements of that company.

## Walter Smith (Birmingham) Limited

### Report of the directors for the year ended 1 April 2000 (*Continued*)

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#### 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 of the company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

#### Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### On behalf of the board

  
M E Burnhope

Director

26.1.01

**Walter Smith (Birmingham) Limited**

**Report of the auditors**

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**To the shareholders of Walter Smith (Birmingham) Limited**

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on page 8 to 9.

*Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of the 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 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.

*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward*

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
Walsall

29.1.01

**Walter Smith (Birmingham) Limited****Profit and loss account for the year ended 1 April 2000**

	Note	2000 £	1999 £
Turnover	2	16,793,716	17,111,545
Cost of sales		10,595,610	11,057,698
Gross profit		6,198,106	6,053,847
Administrative expenses		6,114,576	5,860,188
		83,530	193,659
Other operating income		92,855	100,219
Operating profit	3	176,385	293,878
Other interest receivable and similar income	6	6,775	9,198
Interest payable and similar charges	7	(15,461)	(13,716)
Profit on ordinary activities before taxation		167,699	289,360
Taxation on profit on ordinary activities	8	53,614	85,500
Profit on ordinary activities after taxation retained for the year		114,085	203,860
Accumulated loss brought forward		(109,624)	(313,484)
Retained profit/(accumulated loss) carried forward		4,461	(109,624)

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

**Walter Smith (Birmingham) Limited**

**Balance sheet at 1 April 2000**

	Note	2000 £	2000 £	1999 £	1999 £
<b>Fixed assets</b>					
Intangible assets	9		2,400		2,700
Tangible assets	10		1,067,554		1,094,230
Investments	11		340,537		285,001
			<hr/>		<hr/>
			1,410,491		1,381,931
<b>Current assets</b>					
Stocks	12	117,892		147,185	
Debtors	13	413,560		332,326	
Investments	14	20,000		40,000	
Cash at bank and in hand		276,151		303,816	
		<hr/>		<hr/>	
		827,603		823,327	
<b>Creditors: amounts falling due within one year</b>	15	1,306,697		1,331,064	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(479,094)		(507,737)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			931,397		874,194
<b>Creditors: amounts falling due after more than one year</b>	16	17,134		73,762	
<b>Provision for liabilities and charges</b>	17	90,401		90,655	
		<hr/>		<hr/>	
			107,535		164,417
			<hr/>		<hr/>
			823,862		709,777
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	18		100,100		100,100
Share premium account			719,301		719,301
Profit and loss account			4,461		(109,624)
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>			823,862		709,777
			<hr/>		<hr/>

The notes on pages 8 to 18 form part of these financial statements.

**Walter Smith (Birmingham) Limited**

**Balance sheet at 1 April 2000 (Continued)**

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The financial statements were approved by the Board on 26/01/01

  
M E BURNHOPE

**Director**

The notes on pages 8 to 18 form part of these financial statements.



## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Group accounts*

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Thimslaw Limited and the company is included in consolidated financial statements.

### *Goodwill*

Positive goodwill arising on acquisitions since 5 April 1998 is capitalised, classified as an asset in the balance sheet and amortised over 10 years which is considered by the directors to represent its useful economic life

### *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 is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

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

### *Stocks*

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

### *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.

# Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (*Continued*)

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## 1 Accounting policies (*continued*)

### *Leased assets*

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 financial statements. The capitalised values and finance charges are written off over the useful life of the assets concerned.

### *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.

### *Operating leases*

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

### *Grants*

The amount received for grants is credited to the profit and loss account to match against the related expenditure of training and payroll costs. Capital expenditure grants are released over the estimated useful life of the related asset.

### *Fixed asset investment*

Fixed asset investments are included at cost and associates and joint ventures are accounted for and in accordance with Financial Reporting Standard number 9 "Associates and joint ventures".

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

## 3 Operating profit

This is arrived at after charging/(crediting):

	2000 £	1999 £
Depreciation of tangible fixed assets	179,502	167,420
Amortisation of goodwill	300	300
Auditors' remuneration - audit services	7,500	7,000
Grant income received for revenue expenses	(18,170)	(55,395)
Loss (profit) on disposal of fixed assets	6,292	(945)
Loss on sale of investment	-	3,999
Operating leases	679,980	863,242
	<hr/>	<hr/>

**Walter Smith (Birmingham) Limited**

**Notes forming part of the financial statements for the year ended 1 April 2000 (Continued)**

**4 Employees**

Staff costs (including directors) consist of:

	2000 £	1999 £
Wages and salaries	3,271,497	3,084,075
Social security costs	198,459	223,425
Other pension costs	90,449	43,766
	<u>3,560,405</u>	<u>3,351,266</u>

The average number of employees (including directors) during the year was as follows:

	2000 Number	1999 Number
Shops	354	360
Office and management	8	6
	<u>362</u>	<u>366</u>

**5 Directors' remuneration**

	2000 £	1999 £
Directors' emoluments	<u>24,507</u>	<u>19,901</u>

There were 3 directors in the company's defined benefit pension scheme during the year (1999 - 3)

**6 Other interest receivable and similar income**

	2000 £	1999 £
Bank deposits	<u>6,775</u>	<u>9,198</u>

Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (*Continued*)

7 Interest payable and similar charges

	2000 £	1999 £
Bank loans and overdrafts	14,412	11,481
Finance leases and hire purchase contracts	1,049	2,235
	<u>15,461</u>	<u>13,716</u>

8 Taxation on profit on ordinary activities

	2000 £	1999 £
<i>UK Corporation tax</i>		
Current year		
Current tax on income for the year	62,000	91,000
Transfer to/(from) deferred taxation account	3,600	(5,500)
	<u>65,600</u>	<u>85,500</u>
<i>Prior years</i>		
UK Corporation tax	(11,986)	-
	<u>53,614</u>	<u>85,500</u>

9 Intangible assets

	Purchased goodwill £
<i>Cost or valuation</i>	
At 4 April 1999 and 1 April 2000	3,000
<i>Amortisation</i>	
At 4 April 1999	300
Provided for the year	300
	<u>600</u>
At 1 April 2000	
<i>Net book value</i>	
At 1 April 2000	2,400
	<u>2,700</u>
At 3 April 1999	

Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (Continued)

10 Tangible fixed assets

	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 4 April 1999	151,267	143,131	2,883,830	3,178,228
Additions	22,654	105,449	124,334	252,437
Disposals	-	(117,319)	(87,100)	(204,419)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2000	173,921	131,261	2,921,064	3,226,246
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 4 April 1999	38,407	51,874	1,993,717	2,083,998
Provided for the year	19,614	34,107	125,781	179,502
Disposals	-	(29,104)	(75,704)	(104,808)
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At 1 April 2000	58,021	56,877	2,043,794	2,158,692
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 1 April 2000	115,900	74,384	877,270	1,067,554
	<hr/>	<hr/>	<hr/>	<hr/>
At 3 April 1999	112,860	91,257	890,113	1,094,230
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes an amount of £29,380 (1999 - £41,733) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £16,393 (1999 - £17,852).

11 Fixed asset investments

	Group undertakings	Joint ventures	Total
<i>Cost or valuation</i>			
At 4 April 1999	1	285,000	285,001
Additions	22,498	33,038	55,536
	<hr/>	<hr/>	<hr/>
At 1 April 2000	22,499	318,038	340,537
	<hr/>	<hr/>	<hr/>

Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (*Continued*)

11 Fixed asset investments (*continued*)

	Group undertakings	Joint ventures	Total
<i>Net book value</i>			
At 1 April 2000	22,499	318,038	340,537
	<u>          </u>	<u>          </u>	<u>          </u>
At 3 April 1999	1	285,000	285,001
	<u>          </u>	<u>          </u>	<u>          </u>

The joint venture entered into with Mr J R L Smith relates to the purchase of the freehold premises occupied by the company and an adjacent car park.

*Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	%	Nature of business
<i>Subsidiary undertakings</i>			
Crosby Management Training Limited	Ordinary	100	Management training

12 Stocks

	2000 £	1999 £
Finished goods and goods for resale	117,892	147,185
	<u>          </u>	<u>          </u>

**Walter Smith (Birmingham) Limited**

Notes forming part of the financial statements for the year ended 1 April 2000 (*Continued*)

**13 Debtors**

	2000 £	1999 £
Trade debtors	25,563	7,691
Amounts owed by group undertakings	140,562	44,282
Other debtors	73,148	102,778
Prepayments and accrued income	174,287	177,575
	<u>413,560</u>	<u>332,326</u>

All amounts fall due for payment within one year.

Other debtors includes £nil owed from the joint venture in Note 11. (1999 £50,080)

**14 Current asset investments**

	2000 £	1999 £
Listed investments	20,000	20,000
Unlisted investments	-	20,000
	<u>20,000</u>	<u>40,000</u>
Listed investments: Market value	<u>20,054</u>	<u>23,671</u>

**15 Creditors: amounts falling due within one year**

	2000 £	1999 £
Bank loans and overdrafts (secured)	49,610	31,610
Trade creditors	744,528	915,158
Taxation and social security	71,615	79,847
Corporation tax	154,535	130,914
Obligations under finance lease and hire purchase contracts	10,034	9,439
Other creditors	13,343	35,765
Accruals and deferred income	263,032	128,331
	<u>1,306,697</u>	<u>1,331,064</u>

Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (Continued)

16 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans	13,130	63,061
Obligations under finance lease and hire purchase contracts	4,004	10,701
	<u>17,134</u>	<u>73,762</u>

Maturity of debt:

	Finance Leases		Other debt		Total	
	2000 £	1999 £	2000 £	1999 £	2000 £	1999 £
In one year or less, or on demand	10,034	9,439	49,610	31,610	59,644	41,049
In more than one year but not more than two years	4,004	10,701	13,130	31,610	17,134	42,311
In more than two years but not more than five years	-	-	-	31,451	-	31,451
	<u>14,038</u>	<u>20,140</u>	<u>62,740</u>	<u>94,671</u>	<u>76,778</u>	<u>114,811</u>

The mortgage is secured by a debenture on the freehold property owned by the joint venture (as stated in note 11) in which Walter Smith (Birmingham) Limited holds an interest.

17 Provision for liabilities and charges

	Deferred taxation	Pension costs	Total
	£	£	£
At 3 April 1999	2,000	88,655	90,655
Charged to profit and loss account	3,600	-	3,600
Utilised in year	-	(3,854)	(3,854)
	<u>5,600</u>	<u>84,801</u>	<u>90,401</u>



Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (Continued)

Deferred taxation

	2000 £	Unprovided 1999 £	2000 £	Provided 1999 £
Accelerated capital allowances	189,100	174,000	7,800	4,200
Sundry timing differences	(23,200)	(24,200)	(2,200)	(2,200)
	<u>165,900</u>	<u>149,800</u>	<u>5,600</u>	<u>2,000</u>

The pension provision relates to accrued employer contributions no longer payable. The provision is being released over the service lives of the related employees which is estimated at 25 years.

18 Share capital

	2000 £	Authorised 1999 £	Allotted, called up and fully paid 2000 £	1999 £
<i>Equity share capital</i>				
Ordinary shares shares of £1 each	100,100	100,100	100,100	100,100

19 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the year	114,085	203,860
Opening shareholders' funds	709,777	505,917
Closing shareholders' funds	823,862	709,777

20 Contingent liabilities

At the year end bank cross guarantees were in place between Walter Smith (Birmingham) Limited, Abbachem Limited and their parent company Thimslaw Limited. Outstanding bank borrowings for this group at 1 April 2000 amounted to £nil (1999: £nil). There was also a group VAT registration in place between Walter Smith (Birmingham) Limited and its parent company Thimslaw Limited. There was no outstanding VAT liability at 1 April 2000 (1999: £nil).

## Walter Smith (Birmingham) Limited

Notes forming part of the financial statements for the year ended 1 April 2000 (*Continued*)

### 21 Pensions

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 1 April 2000 was £90,449 (1999 - £43,766). The most recent actuarial valuation at 1 October 1998 showed the market value of the scheme's assets to be £5,322,000 which represented 100% of the benefits that has accrued to members, after allowing for expected future increases in earnings.

A pension provision of £84,801 (note 17) was outstanding at the year end.

### 22 Commitments under operating leases

As at 1 April 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £	1999 Land and buildings £
Operating leases which expire:		
Within one year	-	97,450
In two to five years	230,335	139,300
After five years	414,160	304,840
	<hr/>	<hr/>
	644,495	541,590
	<hr/>	<hr/>

### 23 Related party disclosures

#### *Controlling parties*

The company is controlled by Thimslaw Limited, its parent company. There is no ultimate controlling party.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Thimslaw Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

**23 Related party disclosures (*continued*)**

*Loans and transactions concerning directors and officers of the company*

Purchases of £1,166 (1999: £400) were made during the year from Mr A Harper, the son of Mr D F Harper, a director of the company. At the end of the year Mr D F Harper had an outstanding loan account of £7,669 with the company.

**24 Ultimate parent company and parent undertaking of larger group**

The company is a subsidiary of Thimslaw Limited which is the ultimate parent company.

The consolidated accounts of this group headed by Thimslaw Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.