

# FILING COPY

ADMINSTORE LIMITED

ANNUAL REPORT

FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997



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# **ADMINSTORE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	N M Patel J M Patel M M Patel
<b>Secretary</b>	A G Patel
<b>Company</b>	1882853
<b>Registered Office</b>	Europa House Northolt Industrial Estate Rowdell Road Northolt Middlesex UB5 5QR
<b>Registered Auditor</b>	Blick Rothenberg 12 York Gate Regent's Park London NW1 4QS
<b>Solicitors</b>	Paisner & Co Bouverie House 154 Fleet Street London EC4A 2DR
<b>Bankers</b>	Barclays Pall Mall Corporate Banking Group 50 Pall Mall PO Box 15162 London SW1A 1QB

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# ADMINSTORE LIMITED

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# **ADMINSTORE LIMITED**

## **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997**

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

### **Directors**

The directors who served during the period were:

N M Patel

J M Patel

M M Patel

They had the following interests in the shares of the company at the beginning and end of the period:

	1p Ordinary A shares Number	1p Ordinary B shares Number	1p Ordinary C shares Number
N M Patel	125,000	-	-
J M Patel	-	583,333	-
M M Patel	125,000	-	-

### **Principal activity and review of the business**

The principal activity of the group is that of retailers and wholesalers of groceries, including franchising.

The results for the period and the financial position at the period end were considered satisfactory by the directors who expect growth in the foreseeable future.

### **Results and dividends**

The consolidated profit and loss account for the period is set out on page 5.

The directors recommend payment of an ordinary dividend amounting to £20,000.

The retained profit of £1,341,063 will be taken to reserves.

### **Fixed assets**

Changes in fixed assets during the period are explained in notes 9 to 11 to the financial statements.

# **ADMINSTORE LIMITED**

## **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997**

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### **Acquisition**

The company acquired Cullens Holdings Plc on 23 June 1997.

### **Market value of land and buildings**

The directors are of the opinion that the market value of the properties are in excess of values shown in the financial statements.

### **Employee involvement**

Within the bounds of commercial confidentiality, information is disseminated to all members of staff about matters that affect the progress of the group and are of interest and concern to them as employees.

### **Disabled persons**

Disabled persons are employed by the group where they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the group's business and every effort is made to ensure they are given full and fair consideration.

### **Donations**

The group made charitable contributions during the period amounting to £146,877 ( 1996: £138,285 ).

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Blick Rothenberg be reappointed as auditors of the company will be put to the Annual General Meeting.

# ADMINSTORE LIMITED

## DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

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### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the group's profit or loss for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



A G Patel

Secretary

22<sup>nd</sup> April 1998

# ADMINSTORE LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF ADMINSTORE LIMITED

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We have audited the financial statements on pages 5 to 28 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 and 11

### Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

### Qualified opinion arising from disagreement about accounting treatment

- 1 As stated in note 1.12, investment properties (included in the group balance sheet at £5,143,888 and in the company balance sheet at £284,037) are stated partly at their 1989 and 1990 open market values and partly at their historic cost rather than, as required by Statement of Standard Accounting Practice No 19 "Accounting for Investment Properties", at their open market values. We are unable to quantify the effect, if any, on reserves and tangible fixed assets of this non compliance.
- 2 Dissimilar exceptional items totalling £724,221 have been aggregated and described as "exceptional items" on the face of the profit and loss account, contrary to the disclosure requirements of Financial Reporting Standard No 3 "Reporting Financial Performance".

Except for the effect on the balance sheet of not including investment properties at their open market value as noted in paragraph 1 above and except for the failure to make the disclosure noted in paragraph 2 above, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 27 September 1997 and of the group's profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

27 April 1998

12 York Gate  
Regent's Park  
London  
NW1 4QS

  
**BLICK ROTHENBERG**

Chartered Accountants  
Registered Auditor



# ADMINSTORE LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

	Notes	£	1997 £	1996 £
Turnover	2			63,565,518
Ongoing		64,880,123		
Acquisitions		<u>3,556,664</u>		
	2		68,436,787	
Net operating expenses	3		(64,433,647)	(59,944,606)
Operating profit	4			<u>3,620,912</u>
Ongoing		4,209,489		
Acquisitions		<u>(206,349)</u>		
	4		4,003,140	
Exceptional items	5		(724,221)	-
Interest payable and similar charges (net)	6		(662,744)	(795,288)
Profit on ordinary activities before taxation			<u>2,616,175</u>	<u>2,825,624</u>
Tax on profit on ordinary activities	7		(1,255,112)	(939,000)
Profit on ordinary activities after taxation			<u>1,361,063</u>	<u>1,886,624</u>
Dividends	8		(20,000)	(25,000)
Retained profit for the year	21		<u><u>1,341,063</u></u>	<u><u>1,861,624</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# ADMINSTORE LIMITED

## BALANCE SHEETS AS AT 27 SEPTEMBER 1997

		Group		Company	
	Notes	1997 £	1996 £	1997 £	1996 £
<b>Fixed assets</b>					
Intangible assets	9	6,588,092	1,445,059	-	-
Tangible assets	10	15,772,608	12,606,712	1,260,175	1,279,267
Investments	11	67,298	67,298	11,525,139	3,649,661
		<u>22,427,998</u>	<u>14,119,069</u>	<u>12,785,314</u>	<u>4,928,928</u>
<b>Current assets</b>					
Stock	14	3,933,349	3,128,158	105,845	107,017
Debtors	15	4,611,132	2,665,995	2,627,712	2,086,916
Investments	16	280,378	379,307	268,978	360,407
Cash at bank and in hand	17	1,973,399	2,805,272	150,658	200,000
		<u>10,798,258</u>	<u>8,978,732</u>	<u>3,153,193</u>	<u>2,754,340</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(19,382,987)</u>	<u>(14,430,872)</u>	<u>(6,541,930)</u>	<u>(4,298,191)</u>
<b>Net current liabilities</b>		<u>(8,584,729)</u>	<u>(5,452,140)</u>	<u>(3,388,737)</u>	<u>(1,543,851)</u>
<b>Total assets less current liabilities</b>		<u>13,843,269</u>	<u>8,666,929</u>	<u>9,396,577</u>	<u>3,385,077</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(11,248,926)</u>	<u>(7,413,649)</u>	<u>(5,014,907)</u>	<u>(179,376)</u>
		<u>2,594,343</u>	<u>1,253,280</u>	<u>4,381,670</u>	<u>3,205,701</u>
<b>Capital and reserves</b>					
Called up share capital	20	50,000	50,000	50,000	50,000
Capital redemption reserve	21	1,950,000	1,950,000	1,950,000	1,950,000
Revaluation reserve	21	879,374	879,374	-	-
Profit and loss account	21	(285,031)	(1,626,094)	2,381,670	1,205,701
<b>Shareholders' funds-equity interests</b>	22	<u>2,594,343</u>	<u>1,253,280</u>	<u>4,381,670</u>	<u>3,205,701</u>

The financial statements were approved by the Board on 22<sup>nd</sup> April 1998

M M Patel  
Director

J M Patel  
Director

# ADMINSTORE LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

	1997 £	1996 £
<b>Net cash inflow from operating activities</b>	<b>4,225,961</b>	<b>5,053,232</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	135,275	34,583
Interest paid	(789,253)	(820,976)
Interest element of finance lease rental payments	(8,766)	(8,895)
	<u>(662,744)</u>	<u>(795,288)</u>
<b>Taxation</b>		
Corporation tax paid (including advance corporation tax)	(1,037,273)	(831,401)
	<u>(1,037,273)</u>	<u>(831,401)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(262,150)
Purchase of tangible fixed assets	(1,189,248)	(655,873)
Receipts from sales of tangible assets	86,200	40,700
	<u>(1,103,048)</u>	<u>(877,323)</u>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	(7,875,478)	-
Cash acquired with subsidiary undertaking	127,088	-
	<u>(7,748,390)</u>	<u>-</u>
<b>Equity dividends paid</b>		
Dividend paid	-	(50,000)
	<u>-</u>	<u>(50,000)</u>
<b>Management of liquid resources</b>		
Purchase of current asset investments	(143,391)	(330,298)
Receipts from sales of current asset investments	315,289	128,445
	<u>171,898</u>	<u>(201,853)</u>
<b>Financing</b>		
Debt due within one year:		
Repayment of secured loan	(230,000)	-
Debt due beyond a year:		
New secured loan repayable in July 2004	4,500,000	-
New secured loan repayable in 2017	485,415	-
Repayment of secured loans	(621,287)	(457,230)
Capital repayments on finance leases	(38,427)	(26,450)
	<u>4,095,701</u>	<u>(483,680)</u>
<b>(Decrease) / increase in cash</b>	<b>(2,057,895)</b>	<b>1,813,687</b>

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

1	Reconciliation of operating profit to net cash inflow from operating activities	1997	1996
		£	£
	Operating profit	4,003,140	3,620,912
	Depreciation and amortisation charges	1,065,131	764,901
	Profit on sale of tangible fixed assets	(32,201)	(31,911)
	Profit on sale of investments	(72,969)	(25,372)
	Increase in stocks	(561,026)	(167,614)
	(Increase)/decrease in debtors	(1,308,076)	102,287
	Increase in creditors	1,131,962	790,029
	<b>Net cash inflow from operating activities</b>	<b>4,225,961</b>	<b>5,053,232</b>

2	Reconciliation of net cash flow to movement in net debt	1997
		£
	Decrease in cash and bank in the period	(2,057,895)
	Cash inflow from increase in debt and lease financing	(4,095,701)
	Cash inflow from decrease in liquid resources	(171,898)
	Change in net debt resulting from cash flows	(6,325,494)
	Loans and finance leases acquired with subsidiary undertakings	(314,143)
	Profit on sale of current asset investments	72,969
	Movement in net debt in the period	(6,566,668)
	Net debt at 29 September 1996	(7,895,826)
	Net debt at 27 September 1997	(14,462,494)

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 3 Analysis of net debt

	At 29 Sep 1996 £	Cash flow £	Acquisition (excluding cash and overdrafts) £	Other non-cash changes £	At 27 Sep 1997 £
Cash in hand and at bank	2,805,272	(831,873)	-	-	1,973,399
Overdrafts	(2,857,154)	(1,226,022)	-	-	(4,083,176)
		<u>(2,057,895)</u>			
Debt due after 1 year	(7,376,675)	(3,696,997)	(94,286)	-	(11,167,958)
Debt due within 1 year	(799,072)	(437,131)	(60,000)	-	(1,296,203)
Finance leases	(47,504)	38,427	(159,857)	-	(168,934)
		<u>(4,095,701)</u>			
Current asset investments	379,307	(171,898)	-	72,969	280,378
Total	<u>(7,895,826)</u>	<u>(6,325,494)</u>	<u>(314,143)</u>	<u>72,969</u>	<u>(14,462,494)</u>

### 4 Purchase of subsidiary undertaking

	1997 £
<b>Net assets acquired</b>	
Intangible fixed assets	5,346,266
Tangible fixed assets	2,892,545
Stocks	244,165
Debtors	1,385,433
Cash at bank and in hand	127,088
Creditors	(1,805,876)
Loans and finance leases	(314,143)
	<u>7,875,478</u>
<b>Satisfied by</b>	
Cash	<u>7,875,478</u>

The subsidiary undertaking acquired during the period contributed £516,446 to the group's net operating cash flows, paid £4,000 in respect of net returns on investments and servicing of finance, paid £nil in respect of taxation and utilised £nil for capital expenditure.

# **ADMINSTORE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997**

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### **1 Accounting policies**

#### **1.1 Compliance with and departure from accounting standards**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of properties, and in accordance with applicable accounting standards except that investment properties have not been included in the balance sheet at their open market values as required by statement of Standard Practice No. 19. (See note 1.12)

#### **1.2 Basis of consolidation**

The group financial statements consolidate the financial statements of Adminstore Limited, all its subsidiary undertakings and its quasi-subsidiary undertaking drawn up to 27 September 1997. (See Note 13)

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of value added tax.

#### **1.4 Intangible fixed assets: Goodwill**

Goodwill is written off to the profit and loss account in equal annual instalments over its estimated useful economic life, taken as ten or twenty years.

#### **1.5 Intangible fixed assets: Corporate brand name**

This is shown at a valuation based on the amount paid for the acquired separable corporate brand name and the incremental earnings expected to arise from the ownership of that name. It is subject to annual review.

No depreciation is provided since, in the opinion of the directors, the brand does not have a finite useful economic life.

#### **1.6 Tangible fixed assets and depreciation**

Tangible fixed assets other than investment properties (see note 1.12) are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings (excluding land)	2% straight line
Short leasehold properties	Over the period of the lease
Fixtures, fittings and equipment	15% straight line
Motor vehicles	25% straight line

# **ADMINSTORE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997**

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### **1.7 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

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

### **1.8 Stocks**

Stocks in stores have been valued by professional stocktakers at retail prices adjusted to the lower of cost and net realisable value. Warehouse stocks have been valued at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing stocks to their existing location and condition.

### **1.9 Pensions**

The pension cost charge represents the contributions payable by the group to the employees' personal pension schemes.

### **1.10 Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred tax balance. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

### **1.11 Repairs and renewals**

Expenditure on repairs, renewals and certain equipment is written off in the year in which it is incurred.

Certain major items of fixed plant and structure are incorporated within the cost of freehold and leasehold property when purchased. When replaced, these are fully expensed as repairs and renewals in the profit and loss account.

### **1.12 Investment properties**

Investment properties (see note 10) are stated partly at their 1989 and 1990 open market values and partly at their historic costs. The directors consider that the cost of revaluation would be of no benefit to the shareholders.

Since no up to date professional estimate of the open market value of the investment properties has been obtained, it is not possible to quantify the effect on the financial statements of this departure from Statement of Standard Accounting Practice No. 19.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 2 Turnover

The total turnover of the group for the 52 weeks has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Net operating expenses

	1997	1996
	£	£
Change in stocks	(805,191)	(167,614)
Other external charges	45,037,869	41,496,581
Staff costs	10,265,003	9,335,386
Depreciation and amortisation	1,065,131	764,901
Other operating charges	9,821,369	9,608,131
Other operating income	(950,534)	(1,092,779)
	<u>64,433,647</u>	<u>59,944,606</u>

### 4 Operating profit

	1997	1996
	£	£

Operating profit is stated after charging:

Auditors' remuneration - audit services (Company £6,118; 1996 £3,951)	83,215	52,000
Auditors' remuneration - other services	51,750	16,000
Hire of plant and machinery	230,619	104,635
Other operating lease charges	3,605,839	3,135,866
Depreciation and amortisation	1,065,131	764,901

and after crediting:

Rents receivable	751,525	705,752
Profit on disposal of tangible assets	<u>32,201</u>	<u>31,191</u>

### 5 Exceptional items

	1997	1996
	£	£
Compensation for loss of office	(279,219)	-
Provision against loan	(445,002)	-
	<u>(724,221)</u>	<u>-</u>



# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

<b>6</b>	<b>Interest payable and similar charges</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts and all other loans wholly repayable within five years, not by instalments	<b>64,857</b>	81,889
	Borrowings repayable after five years	<b>719,883</b>	691,272
	All other interest	<b>4,513</b>	47,815
	Finance charges payable under finance leases and hire purchase contracts	<b>8,766</b>	8,895
	Interest receivable	<b>(135,275)</b>	(34,583)
		<b>662,744</b>	795,288
<b>7</b>	<b>Taxation</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	<b>U.K. Current year taxation</b>		
	U.K. Corporation tax at 32% (1996: 33%)	<b>1,250,300</b>	942,000
	<b>Prior years</b>		
	UK corporation tax	<b>4,812</b>	-
	Deferred taxation	-	(3,000)
		<b>1,255,112</b>	939,000
<b>8</b>	<b>Dividends</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Proposed	<b>20,000</b>	25,000

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 9 Intangible fixed assets Group

	Corporate brand name	Goodwill	Total
	£	£	£
<b>Cost</b>			
At 29 September 1996	-	3,702,506	3,702,506
Addition	5,346,266	-	5,346,266
	<u>5,346,266</u>	<u>3,702,506</u>	<u>9,048,772</u>
At 27 September 1997			
<b>Amortisation</b>			
At 29 September 1996	-	2,257,447	2,257,447
Charge for the period	-	203,233	203,233
	<u>-</u>	<u>2,460,680</u>	<u>2,460,680</u>
At 27 September 1997			
<b>Net book value</b>			
At 27 September 1997	<u>5,346,266</u>	<u>1,241,826</u>	<u>6,588,092</u>
At 28 September 1996	<u>-</u>	<u>1,445,059</u>	<u>1,445,059</u>

The corporate brand name comprises that part of the purchase price of the acquired group, Cullens Holdings Plc, which the directors have attributed to the separable corporate brand name that was taken over. The asset has been valued in accordance with the accounting policy.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 10 Tangible fixed assets Group

	Investment properties £	Freehold land and buildings £	Short leasehold properties £	Plant, fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 29.9.96	5,143,888	5,558,424	4,941,330	6,076,809	397,683	22,118,134
Additions	-	2,025,000	512,879	1,339,364	204,550	4,081,793
Disposals	-	-	-	(138,857)	(174,407)	(313,264)
At 27.9.97	5,143,888	7,583,424	5,454,209	7,277,316	427,826	25,886,663
<b>Depreciation</b>						
At 29.9.96	-	437,081	2,997,485	5,843,713	233,143	9,511,422
On disposals	-	-	-	(109,857)	(149,408)	(259,265)
Charge for the period	-	57,060	271,016	440,535	93,287	861,898
At 27.9.97	-	494,141	3,268,501	6,174,391	177,022	10,114,055
<b>Net book value</b>						
At 27.9.97	5,143,888	7,089,283	2,185,708	1,102,925	250,804	15,772,608
At 28.9.96	5,143,888	5,121,343	1,943,845	233,096	164,540	12,606,712

The comparable historical cost of the investment properties is £4,264,514.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 10a Tangible fixed assets Company

	Investment property £	Freehold land and buildings £	Short leasehold properties £	Fixtures fittings and equipment £	Total £
<b>Cost</b>					
At 29 September 1996 & at 27 September 1997	<u>284,037</u>	<u>882,414</u>	<u>353,500</u>	<u>342,514</u>	<u>1,862,465</u>
<b>Depreciation</b>					
At 29 September 1996	-	18,532	222,154	342,512	583,198
Charge for the period	-	-	19,092	-	19,092
At 27 September 1997	<u>-</u>	<u>18,532</u>	<u>241,246</u>	<u>342,512</u>	<u>602,290</u>
<b>Net book value</b>					
At 27 September 1997	<u>284,037</u>	<u>863,882</u>	<u>112,254</u>	<u>2</u>	<u>1,260,175</u>
At 28 September 1996	<u>284,037</u>	<u>863,882</u>	<u>131,346</u>	<u>2</u>	<u>1,279,267</u>

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

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### 11 Fixed asset investments Group

Unlisted  
Investments  
£

#### Cost

At 29 September 1996 and at 27 September 1997

67,298

The directors are of the opinion that the current market value of unlisted investments is not less than cost.

#### Company

Shares in  
subsidiary  
undertakings  
£

#### Cost

At 29 September 1996

3,649,661

Additions

7,875,478

At 27 September 1997

11,525,139

The directors are of the opinion that the aggregate value of the company's investment in subsidiary undertakings is not less than cost.

## ADMINSTORE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

#### 12 Principal subsidiary undertakings of Adminstore Limited

Name	Principal activity	Country of incorporation	% holding
Europa Foods Limited	Retail grocers	England	100
The Country Market Limited	Retail grocers	England	100
Limeport Limited	Retail grocers	England	100
Salecastle Limited	Wholesalers of fruit and vegetables	England	100
La Boucherie Limited	Wholesalers of meat and poultry	England	100
Harts The Grocer (ECR) Limited	Retail grocers	England	100
Harts The Grocers (Queensway) Limited	Retail grocers	England	100
Harts The Grocers (Fulham Road) Limited	Retail grocers	England	100
Harts The Grocer (Gloucester Road) Ltd	Retail grocers	England	100
Harts The Grocers (TCR) Limited	Retail grocers	England	100
Europa Warehouse Limited	Wholesale grocers	England	100
Cullens Holdings Plc	Retail grocers	England	100

#### Indirect principal subsidiary undertakings of Adminstore Limited

London & Home Counties Superstores Ltd	Retail grocers	England	100
Harts The Grocers (Russell Square) Ltd	Retail grocers	England	100

All the shares held are £1 ordinary shares, except Cullens Holdings Plc, which are 10p ordinary shares.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

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Name	Principal activity	Country of incorporation	% holding
Cullens Stores Plc	Retail grocers	England	100

Cullens Holdings Plc holds 100% of the 20p ordinary shares, 20p "A" non - voting ordinary shares and £1 unclassified shares.

Quasi-subsiidiary undertaking  
of Adminstore Limited:

Adminstore Group Employee Trust	Employee trust	Not applicable	Not applicable
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Subsidiary undertaking of Adminstore  
Group Employee Trust:

Frendon Limited	Hoteliers	England	67
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The shares held are £1 ordinary shares.

### 13 Adminstore Group Employee Trust

The consolidated financial statements include the accounts of the Adminstore Group Employee Trust and its subsidiary undertaking. The directors regard the Adminstore Group Employee Trust as a quasi-subsiidiary.

In the opinion of the directors, the Trust does not exhibit all of the main features of an ESOP trust set out in UITF Abstract 13: Accounting for ESOP Trusts, and therefore does not fall to be accounted for in the manner set out in that Abstract, but falls within the definition of a quasi-subsiidiary set out in FRS 5: Reporting the Substance of Transactions.

A summary of the quasi - subsidiary's net assets included in the group balance sheet at 27 September 1997 is set out below:

Tangible fixed assets £690,000

Cash at bank £1,078,868

Creditors payable after one year £485,415

The main cash flows relating to the quasi subsidiary included in the Cash Flow Statement are as follows:

Purchase of tangible fixed assets £690,000

Debt due beyond one year £485,415

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 14 Stocks

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Finished goods and goods for resale	<u>3,933,349</u>	<u>3,128,158</u>	<u>105,845</u>	<u>107,017</u>

### 15 Debtors

Amounts falling due within one year	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	1,257,446	656,422	-	-
Advance corporation tax recoverable	34,153	27,903	34,153	27,903
Amounts owed by subsidiary undertakings	-	-	2,259,494	1,447,486
Other debtors	1,193,930	1,176,560	329,065	605,277
Prepayments and accrued income	2,120,603	798,860	-	-
	<u>4,606,132</u>	<u>2,659,745</u>	<u>2,622,712</u>	<u>2,080,666</u>
Amounts falling due after one year				
Advance corporation tax recoverable	5,000	6,250	5,000	6,250
	<u>4,611,132</u>	<u>2,665,995</u>	<u>2,627,712</u>	<u>2,086,916</u>

### 16 Current asset investments

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Cost				
Listed on the London Stock Exchange	272,878	364,307	268,978	360,407
Unlisted investment	7,500	15,000	-	-
	<u>280,378</u>	<u>379,307</u>	<u>268,978</u>	<u>360,407</u>

The directors are of the opinion that the current value of the unlisted investment is at least equal to cost.



# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 17 Cash at bank and in hand

Consolidated cash at bank includes £1,078,868 (1996: £1,000,000) held by the Adminstore Group Employee Trust and its subsidiary undertaking. (See Note 13)

### 18 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts	5,379,379	3,656,226	2,988,699	1,326,631
Trade creditors	7,292,987	5,979,930	-	-
Expense creditors	647,291	539,800	-	-
Obligations under finance leases and hire purchase contracts	87,966	10,530	-	-
Amounts owed to subsidiary undertakings	-	-	2,664,172	2,639,323
Corporation tax	1,133,902	930,465	141,265	164,265
Other taxes and social security costs	526,955	524,074	11,250	6,250
Other creditors	1,757,661	770,719	640,428	136,722
Accruals and deferred income	2,511,846	1,994,128	51,116	-
Proposed dividends	45,000	25,000	45,000	25,000
	<u>19,382,987</u>	<u>14,430,872</u>	<u>6,541,930</u>	<u>4,298,191</u>

The bank loans and overdrafts are secured by charges over the group's assets and cross guarantees of group undertakings.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 19 Creditors: amounts falling due after more than one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans	11,167,958	7,376,675	4,014,907	179,376
Other loans: Amounts owed to quasi-subsidiary undertaking	-	-	1,000,000	-
Obligations under finance leases and hire purchase contracts	80,968	36,974	-	-
	<u>11,248,926</u>	<u>7,413,649</u>	<u>5,014,907</u>	<u>179,376</u>
<b>Analysis of loans</b>				
Repayable by instalments wholly or partly in more than five years:				
Bank loans (see note below)	11,902,111	7,505,358	4,667,567	189,176
Repayable other than by instalments in more than five years:				
Bank loan at variable rate due for repayment by April 2015	427,050	440,389	-	-
Wholly repayable within five years	135,000	230,000	1,000,000	-
	<u>12,464,161</u>	<u>8,175,747</u>	<u>5,667,567</u>	<u>189,176</u>
Less: Due within one year	<u>(1,296,203)</u>	<u>(799,072)</u>	<u>(652,660)</u>	<u>(9,800)</u>
	<u>11,167,958</u>	<u>7,376,675</u>	<u>5,014,907</u>	<u>179,376</u>
Instalments not due within five years	<u>5,721,096</u>	<u>4,659,998</u>	<u>1,404,267</u>	<u>140,176</u>
<b>Maturity of debt</b>				
Between one and two years	1,296,203	569,072	652,660	9,800
Between two and five years	3,723,609	1,707,216	2,957,980	29,400
In five years or more	6,148,146	5,100,387	1,404,267	140,176
	<u>11,167,958</u>	<u>7,376,675</u>	<u>5,014,907</u>	<u>179,376</u>

The bank loans repayable by instalments are at interest rates between 1.25% and 2.5% over LIBOR and 2% over base rate. They are due for repayment between March 2004 and August 2017.

The bank loans are secured by charges over the group's assets and cross guarantees of group undertakings.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 20 Share capital

	1997	1996
	£	£
<b>Authorised</b>		
1,500,000 Ordinary shares of 1p each - Class A	15,000	15,000
1,750,000 Ordinary shares of 1p each - Class B	17,500	17,500
1,750,000 Ordinary shares of 1p each - Class C	17,500	17,500
9% Participating cumulative redeemable shares of 1p each	1,950,000	1,950,000
	<u>2,000,000</u>	<u>2,000,000</u>

	1997	1996
	£	£
<b>Allotted, called up and fully paid</b>		
1,500,000 Ordinary shares of 1p each - Class A	15,000	15,000
1,750,000 Ordinary shares of 1p each - Class B	17,500	17,500
1,750,000 Ordinary shares of 1p each - Class C	17,500	17,500
	<u>50,000</u>	<u>50,000</u>

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 21 Statement of movement on reserves

Group	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
Balance at 29 September 1996	1,950,000	879,374	(1,626,094)	1,203,280
Retained profit for the period	-	-	1,341,063	1,341,063
Balance at 27 September 1997	<u>1,950,000</u>	<u>879,374</u>	<u>(285,031)</u>	<u>2,544,343</u>

The revaluation reserve relates to the revaluation of investment properties.

### Statement of movement on reserves

Company	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total
Balance at 29 September 1996	1,950,000	-	1,205,701	3,155,701
Retained profit for the period	-	-	1,175,969	1,175,969
Balance at 27 September 1997	<u>1,950,000</u>	<u>-</u>	<u>2,381,670</u>	<u>4,331,670</u>

The directors have taken advantage of the exemption under Section 230 of the Companies Act 1985 from the requirement to prepare a separate profit and loss account for the company, Adminstore Limited. The company's profit for the financial period before proposed dividends is £1,195,969.

### 22 Reconciliation of movements in shareholders' funds

Group	1997 £	1996 £
Profit for the financial period	1,361,063	1,886,624
Dividends	(20,000)	(25,000)
Net increase in shareholders' funds	<u>1,341,063</u>	<u>1,861,624</u>
Opening shareholders' funds	1,253,280	(608,344)
Closing shareholders' funds	<u>2,594,343</u>	<u>1,253,280</u>

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

### 23 Purchase of subsidiary undertaking

On 23 June 1997 the company acquired the entire share capital of Cullens Holdings Plc for a consideration of £7,875,478 and the transaction has been accounted for by the acquisition method of accounting. The net assets of Cullens Holdings Plc and its subsidiary undertakings at the date of acquisition were:

	1997 £
Net assets acquired at book value:	
Tangible fixed assets	3,870,545
Current assets	1,629,598
Cash at bank and in hand	127,088
Creditors falling due within one year	(1,945,893)
Creditors falling due after one year	(174,126)
	<u>3,507,212</u>
Fair value adjustments:	
Intangible fixed assets	5,346,266
Tangible fixed assets	(978,000)
Satisfied by cash consideration	<u><u>7,875,478</u></u>

The following is a summarised profit and loss account of the acquired group for the period from 3 March 1997 to 23 June 1997:

	£
Turnover	<u>4,236,336</u>
Operating profit	(224,644)
Exceptional items: legal and professional costs relating to acquisition	(187,788)
Loss before taxation	(412,432)
Taxation	-
Loss for period	<u><u>(412,432)</u></u>

The loss after taxation of the acquired group for the 52 weeks ended 2 March 1997 was £494,000.

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

<b>24</b>	<b>Contingent liabilities</b>	<b>1997</b>	<b>1996</b>
	<b>Company</b>	<b>£</b>	<b>£</b>
	Amount of guarantees of bank overdrafts and loans of group undertaking	<u><b>1,174,137</b></u>	<u><b>1,540,323</b></u>

### 25 Financial commitments

At 27 September 1997 the group and company had annual commitments under non-cancellable operating leases as follows:

<b>Group</b>	<b>Land and buildings</b>		<b>Other</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Leases expiring:				
Within one year	<b>46,050</b>	38,050	-	-
Between two and five years	<b>386,714</b>	236,426	<b>55,824</b>	39,600
More than five years	<b>4,351,163</b>	2,676,621	<b>29,760</b>	13,620
	<u><b>4,783,927</b></u>	<u>2,951,097</u>	<u><b>85,584</b></u>	<u>53,220</u>

### Company

	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Leases expiring:				
More than five years	<u><b>208,200</b></u>	<u>201,700</u>	<u>-</u>	<u>-</u>

# ADMINSTORE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

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### 26 Employees

#### Number of employees

The average number of employees (including directors) during the period was:

	1997 Number	1996 Number
Administration	107	94
Shop assistants and warehouse staff	1,087	921
	<u>1,194</u>	<u>1,015</u>

#### Employment costs

	£	£
Wages and salaries	9,411,777	8,642,739
Social security costs	732,531	666,361
Other pension costs	120,695	26,286
	<u>10,265,003</u>	<u>9,335,386</u>

### 27 Ultimate controlling party

There is no ultimate controlling party within the meaning of Financial Reporting Standard No 8.

## ADMINSTORE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1997

#### 28 Related party transactions and directors' interests

The following table details the material transactions which took place during the year with related parties and the balances outstanding at the period end.

Name of related party (Name of director)	Operating costs £	Turnover £	Debtor due within one year £	Creditor due within one year £
Crispins Food and Wine (J M Patel)	488,000	1,336,735	175,376	200,000
Olivers Food & Wine (J M Patel, M M Patel)	-	1,902,130	209,963	-
Colorama Associates (N M Patel, M M Patel)	404,000	-	-	200,000

The above parties are related by virtue of the fact that the stated directors or their immediate families have an interest in them.

In addition to the above, the company and the group made loans of £65,000 and £314,421 respectively, to an entity of which J M Patel and M M Patel are directors. Neither J M nor M M Patel hold any interest in this entity.

Included in other creditors is a balance of £639,833, being a loan from the directors to the company.