

21-12-90

MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE 52 WEEKS ENDED 27 JANUARY 1990

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COMPANIES HOUSE  
19 DEC 1990

## MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

### DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the 52 weeks ended 27 January 1990.

### PRINCIPAL ACTIVITIES

The principal activity of the group is that of retail newsagents.

### BUSINESS REVIEW

Turnover has increased substantially with the inclusion of twelve months trading from acquisitions in previous years. The investment in capital and management has continued resulting in an increase in gross profit expressed as a percentage of sales from 23.8% to 24.8%.

The profitability of the company was adversely effected with the increase in interest rates. However, with the completion of planned shop refits in early 1990, debts should be reduced and net profit increased substantially in the coming financial year.

### RESULTS AND DIVIDENDS

The group realised a profit for the period of £21,940 (1989: £83,213) which has been transferred to reserves.

The directors do not recommend the payment of a dividend.

### DIRECTORS AND THEIR INTERESTS

The directors of the company, who have served during the year, and their shareholdings are as follows:

	<u>27 January 1990</u>	<u>28 January 1989</u>
JR Mills		
NJ Mills	45,676	45,676

**MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Price Waterhouse have expressed their willingness to continue in office as auditors. In accordance with section 384 of the Companies Act 1985, a resolution proposing their re-appointment will be submitted at the annual general meeting.

**ON BEHALF OF THE BOARD**



**NJ MILLS**  
Secretary

17 Seatonville Road,  
Whitley Bay

1 June 1990

Price Waterhouse



MILLS NEWSAGENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF  
MILLS NEWSAGENTS LIMITED

We have audited the financial statements on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 27 January 1990 and of the profit and source and application of funds of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

1 June 1990

**MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE 52 WEEKS ENDED 27 JANUARY 1990**

	<u>Note</u>	<u>52 weeks ended</u> <u>27 January 1990</u>	<u>52 weeks ended</u> <u>28 January 1989</u>
TURNOVER	1	4,855,801	3,574,497
COST OF SALES		(3,650,700)	(2,725,460)
GROSS PROFIT		1,205,101	849,037
Administrative expenses		(1,027,837)	(752,420)
Rents receivable		<u>8,085</u>	<u>18,416</u>
OPERATING PROFIT		185,349	115,033
Profit on sale of fixed assets		8,682	89,354
Interest receivable		241	295
Interest payable	2	(165,345)	(92,073)
Income from fixed asset investments		<u>2,947</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	31,874	112,609
Tax on profit on ordinary activities	5	(3,456)	(13,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		28,418	99,609
Minority interests		(6,478)	(16,396)
AMOUNT TRANSFERRED TO RESERVES 14		<u>£21,940</u>	<u>£83,213</u>

# MILL MESSAGES LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET - 27 JANUARY 1990

	Note	27 January 199	28 January 1988
<b>FIXED ASSETS</b>			
Intangible assets	6	1,281,022	1,105,648
Tangible assets	7	660,648	508,220
Investments	8	1,971	
		<u>1,943,641</u>	<u>1,613,868</u>
<b>CURRENT ASSETS</b>			
Stocks	1	347,146	299,718
Property held for resale			46,091
Debtors	9	139,482	213,487
Cash in hand		<u>8,860</u>	<u>1,115</u>
		495,488	560,411
CREDITORS: Amounts falling due within one year	10	(1,053,944)	(1,048,095)
NET CURRENT LIABILITIES		(558,456)	(487,684)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,385,185	1,126,184
CREDITORS: Amounts falling due after more than one year	11	(819,646)	(705,949)
		<u>£565,539</u>	<u>£420,235</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	60,100	60,100
Capital reserve	14	99,240	82,354
Revaluation reserve	14	211,174	111,131
Profit and loss account	14	<u>182,264</u>	<u>160,324</u>
		552,778	413,952
MINORITY INTERESTS		12,761	6,283
		<u>£565,539</u>	<u>£420,235</u>

The financial statements on pages 4 to 17 were approved by the directors on 7 June 1990 and signed on their behalf by:

JR Mills ) Directors  
NJ Mills )

# MILLS NEWSAGENTS LIMITED

BALANCE SHEET - 27 JANUARY 1990

	Note	27 January 1990	28 January 1989
<b>FIXED ASSETS</b>			
Intangible assets	6	591,603	591,077
Tangible assets	7	549,728	546,728
Investments	8	232,148	220,177
		<hr/>	<hr/>
		1,373,479	1,267,982
<b>CURRENT ASSETS</b>			
Stocks	1	205,853	208,844
Property held for sale		-	46,091
Debtors	9	370,199	228,785
Cash in hand		3,180	635
		<hr/>	<hr/>
		584,232	484,355
CREDITORS: amounts falling due within one year	10	(731,351)	(621,214)
NET CURRENT LIABILITIES		(147,119)	(136,859)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,226,360	1,131,123
CREDITORS: amounts falling due after more than one year	11	(711,791)	(733,946)
		<hr/>	<hr/>
		£514,569	£395,177
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	60,100	60,100
Revaluation reserve	14	100,000	-
Profit and loss account	14	354,469	335,077
		<hr/>	<hr/>
		£514,569	£395,177

The financial statements on pages 4 to 17 were approved by the directors on 1 June 1990 and signed on their behalf by:

JR Mills ) Directors  
NJ Mills )

# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE 52 WEEKS ENDED 27 JANUARY 1990

	52 weeks ended 27 January 1990	52 weeks ended 28 January 1989
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	31,874	112,609
Adjustments for items not involving the movement of funds:		
Depreciation	48,604	38,355
Minority interest	-	4,775
Profit on sale of fixed assets	(8,682)	(89,354)
	<u>39,922</u>	<u>(46,224)</u>
<b>FUNDS GENERATED FROM OPERATIONS</b>	71,796	66,385
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds from sale of tangible fixed assets	13,236	392,908
Loans received	170,000	275,000
Capital reserve (Note 16)	<u>16,886</u>	<u>18,411</u>
	<u>200,122</u>	<u>689,319</u>
	271,918	752,704
<b>APPLICATION OF FUNDS</b>		
Purchase of intangible fixed assets	175,374	-
Purchase of tangible fixed assets	105,586	856,355
Purchase of investments	1,971	-
Loans repaid	168,564	149,504
Tax paid	2,251	5,217
Minority interest acquired	-	<u>109,344</u>
	<u>(453,746)</u>	<u>(1,120,420)</u>
	£(181,828)	£(367,716)
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
Stocks	1,337	108,398
Debtors	(74,005)	71,346
Creditors	<u>(68,708)</u>	<u>(252,295)</u>
	(141,376)	(72,551)
<b>DECREASE IN NET LIQUID FUNDS</b>	<u>(40,452)</u>	<u>(295,165)</u>
	£(181,828)	£(367,716)



# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990

### 1 ACCOUNTING POLICIES

#### Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

#### Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 27 January 1990. Turnover and profits of subsidiaries acquired during the period are dealt with from their effective date of acquisition.

Mills Newsagents Limited has not presented its own profit and loss account as permitted by Section 228(7) of the Companies Act 1985.

#### Turnover

The turnover represents the net amounts receivable excluding Value Added Tax from the principal activities of the group, the retailing of confectionery, tobacco and newspapers and all arises in the United Kingdom.

#### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings at rates calculated to write off the cost or valuation, less estimated residual value of each asset over its expected useful life on a straight line basis as follows:

Long leasehold	- Over 50 years
Leasehold improvements	- Length of lease remaining at balance sheet date.
Shop fixtures and fittings	- Between 5% and 15% per annum.
Motor vehicles	- 20% per annum.

#### Stock

Stock consists of goods for resale and is stated at the lower of cost and net realisable value. Cost is computed by deducting the gross profit margin from the selling value of stock.

#### Deferred taxation

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is reasonable probability that the tax deferred will crystallise in the foreseeable future.

# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### Intangible assets - retail outlets

The trade values of retail outlets are shown in the financial statements as intangible assets at cost or valuation.

In the opinion of the directors, the current demand for newsagents' businesses indicates the maintenance and probable enhancement of these values. The aggregate value of the retail outlets would be readily disposable at prices significantly above book value.

#### Operating leases

Rentals on leasehold properties are charged to the profit and loss account in the period to which they relate.

#### Finance leases

Assets subject to finance leases are capitalised at the present value of the minimum lease payments payable during the lease term with the corresponding obligation to the lessor shown as a liability. Depreciation on leased assets is charged to the profit and loss account using the same rates as for other tangible fixed assets. The finance element of the respective lease payments is accounted for as it falls due.

### 2 INTEREST PAYABLE

	52 weeks ended 27 January 1990	52 weeks ended 28 January 1989
Bank interest	134,123	63,407
Other interest	31,222	28,666
	<hr/>	<hr/>
	£165,345	£92,073
	<hr/>	<hr/>

# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

## 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 27 January 1990	52 weeks ended 28 January 1989
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Staff costs:		
Wages and salaries	165,041	144,460
Social security costs	14,650	13,443
Other pension costs	21,424	17,189
Depreciation	48,604	38,355
Operating lease rentals - land and buildings	114,373	67,382
Auditors' remuneration	5,150	4,800
Management fees receivable	(28,000)	(9,000)

The average number of persons employed by the group during the period was:

Office staff and management	12	12
Shop staff	18	15
	30	27

No employees received more than £30,000 during the period.

## 4 DIRECTORS' EMOLUMENTS

Included within staff costs (note 3) are the following amounts in respect of directors' emoluments.

	52 weeks ended 27 January 1990	52 weeks ended 28 January 1989
Executive remuneration	£72,803	£73,217
The emoluments, excluding pension contributions, of the highest paid director were:	£31,690	£28,615
Other director £25,001 - £30,000	1	1

# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 27 January 1990	52 weeks ended 28 January 1989
Taxation on the profit for the period:		
UK corporation tax based on profit for the period at 25% (1989:25.33%)	3,000	13,000
Prior period adjustment corporation tax	456	-
	<u>£3,456</u>	<u>£13,000</u>

### 6 INTANGIBLE ASSETS

	<u>Group</u>	<u>Company</u>
<u>Retail outlets</u>		
At 28 January 1989	1,105,648	591,077
Additions	175,374	526
	<u>£1,281,022</u>	<u>£591,603</u>
At 27 January 1990		

The historic cost of the group retail assets is £1,169,848.

# MILLS NEWSAGENTS LIMITED

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

### 7 TANGIBLE ASSETS

GROUP	Freehold land and buildings	Leasehold	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
<u>Cost or valuation</u>						
At 29 January 1989	100,000	76,667	84,268	260,949	73,437	595,321
Additions	-	-	5,758	89,203	10,625	105,586
Disposals	-	-	-	(1,047)	(8,091)	(9,138)
Revaluation	100,000	-	-	-	-	100,000
At 27 January 1990	200,000	76,667	90,026	349,105	75,971	791,769
<u>Depreciation</u>						
At 29 January 1989	-	4,183	7,058	55,601	20,259	87,101
Charge for the year	-	1,644	3,797	28,772	14,391	48,604
Disposals	-	(111)	-	-	(4,473)	(4,584)
At 27 January 1990	-	5,716	10,855	84,373	30,177	131,121
<u>Net Book Value</u>						
At 27 January 1990	£200,000	£70,951	£79,171	£264,732	£45,794	£660,648
At 28 January 1989	£100,000	£72,484	£77,210	£205,211	£53,325	£508,220

The freehold land and buildings represent a residential property, the historic cost of which is £100,000. The property was revalued during the year at directors' valuation.

At 27 January 1990, the net book value of tangible fixed assets held under finance leases was £52,772 and the related accumulated depreciation amounted to £16,283.

# HILLS NEWSAGENTS LIMITED

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

### 7 TANGIBLE ASSETS (continued)

COMPANY	Freehold land and buildings	Leasehold	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
<u>Cost or valuation</u>						
At 29 January 1989	100,000	76,667	84,268	208,829	61,950	531,714
Additions	-	-	2,495	30,815	8,497	41,807
Disposals	-	-	-	-	(5,963)	(5,963)
Revaluation	100,000	-	-	-	-	100,000
Transfer from property for resale	-	-	-	1,850	-	1,850
At 27 January 1990	200,000	76,667	86,763	241,494	64,484	669,408
<u>Depreciation</u>						
At 29 January 1989	-	4,183	7,058	54,613	19,132	84,986
Charge for year	-	1,644	3,661	21,487	12,094	38,886
Disposals	-	(111)	-	-	(4,473)	(4,584)
Transfer from property for resale	-	-	-	392	-	392
At 27 January 1990	-	5,716	10,719	76,492	26,753	119,680
<u>Net Book Value</u>						
At 27 January 1990	£200,000	£70,951	£76,044	£165,002	£37,731	£549,728
At 28 January 1989	£100,000	£72,484	£77,210	£154,216	£42,818	£446,728

The historic cost of freehold land and buildings is £100,000.

At 27 January 1990 the net book value of tangible fixed assets held under finance leases was £45,081 and the related accumulated depreciation was £12,987. The amount of depreciation thereon allocated for the year was £12,094.

# MILLS NEWSAGENTS LIMITED

NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

## FIXED ASSET INVESTMENTS

	<u>Group</u>	<u>Investments</u>	<u>Other</u>	<u>Company</u>
	<u>Other</u>	<u>in group</u>	<u>investments</u>	<u>Total</u>
	<u>investments</u>	<u>companies</u>		
<u>Cost</u>				
At 29 January 1989	-	286,858	-	286,858
Additions	1,971	-	1,971	1,971
At 27 January 1990	1,971	286,858	1,971	288,829
<u>Provisions</u>				
At 29 January 1989 and 27 January 1990	-	56,681	-	56,681
<u>Net book value</u>				
At 27 January 1990	£1,971	£230,177	£1,971	£232,148
At 28 January 1989	£ -	£230,177	£ -	£230,177

Investments in group companies are as follows:

	<u>%</u>	<u>Country of</u>	<u>Nature of</u>
	<u>shareholding</u>	<u>incorporation</u>	<u>business</u>
Gemplanstone Limited	100	England	Dormant
Mills (East Midlands) Limited	75	England	Newsagency
Park Newsagency Limited	100	England	Dormant

## DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Trade debtors	46,055	30,660	17,181	17,626
Amounts owed by group companies	-	-	266,598	35,684
Amounts owed by related companies	42,831	20,777	42,831	20,777
Other debtors	22,664	138,337	22,313	137,760
Prepayments and accrued income	27,932	23,713	21,276	16,938
	<u>£139,482</u>	<u>£213,487</u>	<u>£370,199</u>	<u>£228,785</u>

Amounts owed by group companies and related companies are due after one year.

# MILLS NEWSAGENTS LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

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### CREDITORS: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Mortgage loans	2,000	2,000	2,000	2,000
Bank loans and overdrafts	576,312	568,332	437,499	307,934
Trade creditors	353,125	345,880	213,300	228,131
Other creditors	22,928	67,651	19,365	34,313
Corporation tax	13,475	12,270	12,991	12,270
Taxation and social security	24,489	10,765	23,479	10,360
Accruals and deferred income	61,615	41,197	22,717	26,206
	<u>£1,053,944</u>	<u>£1,048,095</u>	<u>£731,351</u>	<u>£621,214</u>

The bank loans and overdrafts are secured by fixed and floating charges over the group's assets and a legal charge over freehold land and buildings. Bank loans totalling £466,923 bear interest at 2½% over the base rate and are repayable in equal monthly instalments over a ten year period.

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### CREDITORS: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Mortgage loan	34,291	34,752	34,291	34,752
Director's loan	80,520	80,520	80,520	80,520
Bank loans and overdrafts	417,424	310,303	79,467	113,108
Amounts owed to group companies	-	-	230,102	230,102
Amounts owed to related companies	159,144	134,702	159,144	134,702
Other loan	120,000	120,000	120,000	120,000
Other creditors	<u>8,267</u>	<u>25,672</u>	<u>8,267</u>	<u>22,762</u>
	<u>£819,646</u>	<u>£705,949</u>	<u>£711,791</u>	<u>£735,946</u>

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### LEASE OBLIGATIONS

	<u>1990</u>	<u>1989</u>
Included in other creditors above are amounts due under finance leases payable:		
Under one year	18,871	31,804
In the second to fifth year inclusive	<u>8,267</u>	<u>25,672</u>
	<u>£27,138</u>	<u>£57,476</u>
Operating leases on land and buildings		
Annual commitments which expire:		
In more than five years	<u>£119,125</u>	<u>£114,875</u>



# MILLS NEWSAGENTS LIMITED

NOTES TO THE ACCOUNTS - 27 JANUARY 1990 (continued)

## 13 CALLED UP SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
Authorised:		
Ordinary shares of £1 each	£100,000	£100,000
Alotted and fully paid:		
Ordinary shares of £1 each	£60,100	£60,100

## 14 RESERVES

	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Group Profit and loss account</u>	<u>Revaluation reserve</u>	<u>Company Profit and loss account</u>
At 29 January 1989	82,354	111,174	160,324	-	335,077
Acquisition of subsidiary	16,886	-	-	-	-
Revaluation		100,000	-	100,000	-
Retained profit for the period	-	-	21,940	-	19,392
At 27 January 1990	£99,240	£211,174	£182,264	£100,000	£354,469

## 5 CONTINGENT LIABILITIES

The group and Closewalk Limited, a related company, are party to a multilateral guarantee to Midland Bank Plc. The borrowings of Closewalk Limited at 27 January 1990 were £190,249.

## 6 EFFECT OF ACQUISITION DURING THE PERIOD

A summary of the effects of the acquisition of a 100% shareholding in C & DA Miles Limited by Mills (East Midlands) Limited is as follows:

Net assets acquired	£112,849
Discharged by:	
Cash	9,963
Capital reserve	16,886
	£112,849

# HILLS NEWSAGENT LIMITED AND SUBSIDIARIES

## DEFERRED TAX

The full potential liability for deferred tax which has not been provided for comprises:

	<u>Group</u>		<u>Company</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Accelerated capital allowances	31,600	21,689	24,100	19,689
Revaluation reserve	35,000	-	35,000	-
Capital gain rolled over	<u>18,200</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
	<u>84,800</u>	<u>21,689</u>	<u>66,100</u>	<u>19,689</u>

BARNET ARTS TRADING LTD

Company No 2169840

Balance sheet as at 31st March 1990

Assets	£2. 00
Liabilities	nil
	<hr/>
	£2. 00
	<hr/>

Represented by

Authorised Share Capital of 2 shares of £1 share capital issued and fully paid 2 Ordinary Shares of £1 each	£2. 00
Profit (loss brought forward)	nil
	<hr/>
	£2. 00
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Throughout the financial year ending on the above date the Company was dormant within the meaning of Section 252 of the Companies Act 1985.

...G. M. Neil...

Director

...V. J. P. ...

Director