

The Very Good Vending Company Limited

Financial statements

For the period from 1 March 2003 to

31 December 2003

Grant Thornton 



Company No. 2479755

Company information

Company registration number

2479755

Registered office

Jubilee Drive
Loughborough
Leicestershire
LE11 5TU

Directors

B S Garner
N M Froggatt

Secretary

N M Froggatt

Auditors

Grant Thornton
Chartered Accountants
Registered Auditors
8 West Walk
Leicester
LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the company for the period from 1 March 2003 to 31 December 2003.

Principal activities and business review

The principal activity of the company is that of operators of vending machines and associated services. On 29 July 2003 the entire issued share capital of the company was acquired by Midland Vending Services Limited. On 29 July 2003, the trade, assets and undertakings were transferred to the company's parent company, Midland Vending Services Limited, for book value of £32,002. Consequently, since 29 July 2003 the company has not traded.

There was a loss for the period after taxation amounting to £14,257 (28 Feb 2003 £55,793 profit). The directors have recommended payment of a dividend representing the profits prior to acquisition.

Directors

The directors who served the company during the period were as follows:

B S Garner
N M Froggatt
D J Wood

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

B S Garner and N M Froggatt were appointed directors on 29 July 2003. D J Wood retired as a director on 29 July 2003.

D J Wood held 35 (28 February 2003: 35) ordinary shares in the company up until 29 July 2003.

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 at the end of the period and of the profit or loss for the period then ended. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

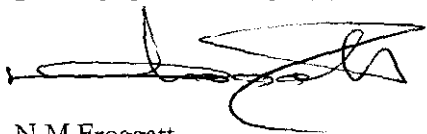
Auditors

Grant Thornton were appointed during the period to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to re-appoint Grant Thornton as auditors will be proposed at the annual general meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'N M Froggatt', written over a horizontal line.

N M Froggatt
Secretary
20 April 2004

Report of the independent auditors to the members of The Very Good Vending Company Limited

We have audited the financial statements of The Very Good Vending Company Limited for the period from 1 March 2003 to 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

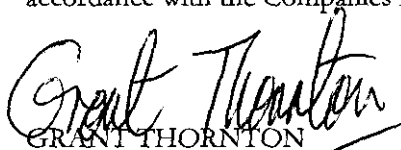
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 affairs of the company as at 31 December 2003 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEICESTER

20 April 2004

Principal accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemptions in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small, wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a wholly owned subsidiary of The Midshires Group Limited (formerly Midshires Vending Services Limited), the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

Goodwill

Goodwill was capitalised during 1998 due to a third party offer for the business. A prior year adjustment amounting to £58,000 to write off this goodwill has been recognised, as shown in note 6.

Fixed assets

All fixed assets are initially recorded at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 20% reducing balance
Motor Vehicles	- 25% reducing balance
Vending machines and equipment	- 20% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets held under *finance leases*, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Profit and loss account

		31 Dec 03	Year to 28 Feb 03 (restated)
	Note	£	£
Turnover		306,099	867,251
Cost of sales		175,099	418,934
Gross profit		131,000	448,317
Other operating charges	1	134,323	372,187
Operating (loss)/profit	2	(3,323)	76,130
Interest payable	4	3,928	7,892
(Loss)/profit on ordinary activities before taxation		(7,251)	68,238
Tax on (loss)/profit on ordinary activities	5	7,006	12,445
(Loss)/profit on ordinary activities after taxation		(14,257)	55,793
Equity dividends proposed		31,902	—
(Loss)/retained profit for the financial period		(46,159)	55,793

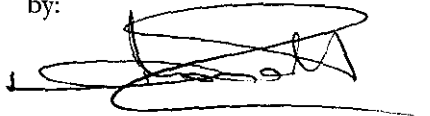
All of the activities of the company are classed as discontinued.

Balance sheet

	Note	31 Dec 03 £	28 Feb 03 (restated) £
Fixed assets			
Tangible assets	7	—	85,344
Current assets			
Stocks		—	136,210
Debtors	8	100	69,300
Cash in hand		—	108
		100	205,618
Creditors: amounts falling due within one year	9	—	232,911
Net current assets/(liabilities)		100	(27,293)
Total assets less current liabilities		100	58,051
Creditors: amounts falling due after more than one year	10	—	11,792
		100	46,259
Capital and reserves			
Called-up equity share capital	13	100	100
Profit and loss account	14	—	46,159
Shareholders' funds	15	100	46,259

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 20 April 2004 and are signed on their behalf by:



N M Froggatt

Other primary statements

Statement of total recognised gains and losses

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
(Loss)/profit for the financial period	(14,257)	55,793
Total recognised gains and losses relating to the period	<u>(14,257)</u>	<u>55,793</u>
Prior year adjustment (see note 6)	<u>(58,000)</u>	
Total gains and losses recognised since the last financial statements	<u>(72,257)</u>	

Notes to the financial statements

1 Other operating income and charges

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
Administrative expenses	<u>134,323</u>	<u>372,187</u>

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
Directors' emoluments	3,998	34,742
Depreciation of owned fixed assets	3,836	4,062
Depreciation of assets held under finance leases and hire purchase agreements	<u>2,650</u>	<u>13,334</u>

3 Directors

Remuneration in respect of directors was as follows:

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
Emoluments	<u>4,248</u>	<u>39,007</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	31 Dec 03	Year to 28 Feb 03 (restated)
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

4 Interest payable and similar charges

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
Finance charges	2,477	4,581
Other interest and similar charges	1,451	3,311
	<u>3,928</u>	<u>7,892</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the period

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
Current tax:		
UK Corporation tax based on the results for the period at 30% (to 28 Feb 03 - 30%)	7,006	12,965
Over/under provision in prior year	—	(520)
Total current tax	<u>7,006</u>	<u>12,445</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (to 28 Feb 03 - 30%).

	31 Dec 03	Year to 28 Feb 03 (restated)
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(7,251)</u>	<u>68,238</u>
(Loss)/profit on ordinary activities by rate of tax	(2,175)	20,471
Expenses not deductible for tax purposes	9,181	—
Capital allowances for period in excess of depreciation	—	(297)
Tax chargeable at lower rates	—	(7,209)
Adjustments to tax charge in respect of previous periods	—	(520)
Total current tax (note 5(a))	<u>7,006</u>	<u>12,445</u>

6 Prior year adjustment

A prior year adjustment has been recognised regarding the capitalisation of purchased goodwill. Purchased goodwill had been capitalised in 1998 due to a third party offer for the business. This treatment was not in accordance with FRS 10 and consequently a prior year adjustment has been recognised.

7 Tangible fixed assets

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Vending Machines and Equipment £	Total £
Cost					
At 1 March 2003	8,628	43,086	99,394	14,786	165,894
Disposals	—	—	(9,053)	—	(9,053)
Transfers	(8,628)	(43,086)	(90,341)	(14,786)	(156,841)
At 31 December 2003	—	—	—	—	—
Depreciation					
At 1 March 2003	—	26,909	46,920	6,721	80,550
Charge for the period	—	697	5,759	30	6,486
On disposals	—	—	(9,053)	—	(9,053)
Transfers	—	(27,606)	(43,626)	(6,751)	(77,983)
At 31 December 2003	—	—	—	—	—
Net book value					
At 31 December 2003	—	—	—	—	—
At 28 February 2003	8,628	16,177	52,474	8,065	85,344

Included within the net book value of £Nil is £Nil (to 28 Feb 03 - £50,224) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £2,650 (to 28 Feb 03 - £13,334).

8 Debtors

	31 Dec 03 £	28 Feb 03 (restated) £
Trade debtors	—	61,484
Amounts owed by group undertakings	100	—
Other debtors	—	7,816
	<u>100</u>	<u>69,300</u>

9 Creditors: amounts falling due within one year

	31 Dec 03	28 Feb 03 (restated)
	£	£
Bank loans and overdrafts	—	5,317
Trade creditors	—	115,490
Corporation tax	—	18,526
Other taxation and social security	—	17,523
Amounts due under finance leases and hire purchase agreements	—	22,396
Other creditors	—	23,890
	<u>—</u>	<u>203,142</u>

10 Creditors: amounts falling due after more than one year

	31 Dec 03	28 Feb 03 (restated)
	£	£
Bank loans and overdrafts	—	4,762
Amounts due under finance leases and hire purchase agreements	—	7,030
	<u>—</u>	<u>11,792</u>

11 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	31 Dec 03	28 Feb 03 (restated)
	£	£
Amounts payable within 1 year	—	22,396
Amounts payable between 1 and 2 years	—	7,030
	<u>—</u>	<u>29,426</u>

12 Related party transactions

As a wholly owned subsidiary of The Midshires Group Limited (formerly Midshires Vending Services Limited), the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by The Midshires Group Limited.

13 Share capital

Authorised share capital:

	31 Dec 03	28 Feb 03 (restated)
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	31 Dec 03 No	£	28 Feb 03 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Reserves

	Revaluation reserve £	Profit and loss account (restated) £
At 1 March 2003	58,000	46,159
- transfer to/from revaluation reserve	(58,000)	58,000
Prior year adjustment (note 6)	—	(58,000)
Restated balance brought forward	—	46,159
Loss for the period	—	(46,159)
At 31 December 2003	<u>—</u>	<u>—</u>

15 Reconciliation of movements in shareholders' funds

	31 Dec 03	28 Feb 03 (restated)
	£	£
(Loss)/Profit for the financial period	(14,257)	55,793
Dividends	(31,902)	—
	<u>(46,159)</u>	<u>55,793</u>
Opening shareholders' equity funds/(deficit)	104,259	(9,534)
Prior year adjustment (see note 6)	(58,000)	—
	<u>46,259</u>	<u>(9,534)</u>
Closing shareholders' equity funds	<u>100</u>	<u>46,259</u>

16 Ultimate parent company

Midland Vending Services Limited is the company's controlling related party by virtue of its shareholding. The ultimate controlling related party is Mr R E Wycherley as a result of his controlling interest in The Midshires Group Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by The Midshires Group Limited.

As a wholly owned subsidiary of Midshires Vending Services Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Midshires Vending Services Limited.