

Freetraders Limited

Directors' report and financial statements

30 April 1995

Registered number 2550982



Freetraders Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Statement of directors' responsibilities in respect of the financial statements	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7-21

Freetraders Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1995.

Principal activity

The principal activity of the company is the distribution of alcoholic and non-alcoholic beverages.

Business review

The profit and loss account for the year to 30 April 1995 is set out on page 5.

On 15 July 1994, the company acquired the remaining 49.9% minority shareholding in FW Francis (Freetraders) Limited. Certain of the vendors simultaneously purchased the operational premises of that company for their book value.

The trading activities of the depots of Freetraders (Grants of St James's) Limited and their assets and liabilities were purchased by Freetraders Limited on 30 April 1995. Freetraders (Grants of St James's) Limited will remain a 100% subsidiary of Freetraders Group Limited (the immediate parent company of Freetraders Limited) and will continue to trade via its bond and distribution organisation.

The fixed assets of all companies in the Freetraders Group were transferred to Freetraders Limited at their net book values. Group companies will in future be charged for the use of these assets.

Both the level of business and the financial position at the period end were satisfactory and the directors expect that the present level of activity will continue.

Proposed dividend

The directors do not recommend the payment of a dividend (1994: *£nil*).

Market value of land and buildings

The directors are of the opinion that the market value of freehold land and buildings is not materially different from their book value.

Directors and directors' interests

The directors who held office during the period were as follows:

DM Fisher	(Chairman)
CM Crane	(Resigned 30 September 1995)
DN Gregory	(Resigned 1 December 1995)
RB Hoyle	
DC Bones	(Appointed 1 December 1995)

None of the directors who held office at the end of the period had any disclosable interest in the shares of the company.

Freetraders Limited

Directors' report

Directors and directors' interests *(continued)*

The interests of the directors of the company at 30 April 1995 in the shares of group companies are disclosed in the directors' report and financial statements of the immediate holding company, Freetraders Group Limited.

The interests of DM Fisher in the shares of Matthew Clark plc the ultimate holding company are disclosed in its directors' report and financial statements.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political or charitable contributions during the year (1994: *£nil*).

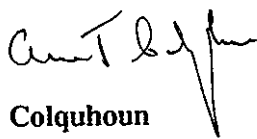
Liability insurance

During the period the company purchased liability insurance for its officers.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


AT Colquhoun
Secretary

30 Queen Charlotte Street
Bristol
BS99 7QQ

7th May 1996

Free traders Limited

Statement of directors' responsibilities in respect of the financial statements

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 of the 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Freetraders Limited

We have audited the financial statements on pages 5 to 21.

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 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 30 April 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

10 May 1996

Free traders Limited

Profit and loss account for the year ended 30 April 1995

	Note	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
Turnover	2	48,347	26,169
Cost of sales		(40,212)	(21,691)
Gross profit		8,135	4,478
Distribution costs		(2,868)	(1,438)
Administrative expenses		(4,182)	(2,470)
Operating profit		1,085	570
Interest receivable	6	196	51
Interest payable and similar charges	7	(61)	(8)
Profit on ordinary activities before tax	3-5	1,220	613
Tax on profit on ordinary activities	8	(424)	(218)
Profit for the financial year	18,19	796	395

The company has no recognised gains or losses other than the profit for the period.

A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The results shown above derive wholly from continuing operations.

Freetraders Limited

Balance sheet
at 30 April 1995

	Note	1995		1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		3,264		1,679
Investments	10		2,745		1,120
			<u>6,009</u>		<u>2,799</u>
Current assets					
Stocks	11	6,099		2,252	
Debtors	12	20,277		8,813	
Cash at bank and in hand		-		1,007	
		<u>26,376</u>		<u>12,072</u>	
Creditors: amounts falling due within one year	13	<u>(26,491)</u>		<u>(9,361)</u>	
Net current (liabilities)/assets			<u>(115)</u>		<u>2,711</u>
Total assets less current liabilities			5,894		5,510
Creditors: amounts falling due after more than one year	14		(13,777)		(14,777)
Provisions for liabilities and charges	15		<u>(1,027)</u>		<u>-</u>
Net liabilities			<u>(8,910)</u>		<u>(9,267)</u>
Capital and reserves					
Called up share capital	17		-		-
Goodwill write-off reserve	19		(9,250)		(9,373)
Profit and loss account	19		340		106
Shareholders' funds	18		<u>(8,910)</u>		<u>(9,267)</u>

These financial statements were approved by the board of directors on 7th May 1996 and were signed on its behalf by:


DC Bones
Director

Freetraders Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Consolidated accounts

Consolidated accounts have not been prepared because the company is itself a wholly owned subsidiary of a company incorporated in Great Britain, namely Freetraders Group Limited.

Turnover

Turnover consists of the value of goods and services supplied to customers outside the group, excluding VAT.

Depreciation

Depreciation of fixed assets is provided to write off the cost or valuation less the estimated residual value by equal instalments over the expected economic lives of the assets. The principal rates are:

Freehold buildings	-	over 50 years straight line
Plant, machinery and other equipment	-	over 2-4 years straight line
Computer equipment	-	over 2-4 years straight line
Motor vehicles	-	over 2-4 years straight line

Freehold land is not depreciated.

Stocks

Stocks have been valued at the lower of cost (including Customs and Excise Duty where incurred) and net realisable value.

Deferred tax

Deferred tax is provided using the liability method in respect of the tax effect of all timing differences only to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Freetraders Limited

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill is taken directly to reserves in the year of acquisition and transferred to the profit and loss account in equal instalments over a period of 20 years.

Finance leases and hire purchase agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating leases

Rentals relating to assets held under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Cash flow statement

The company is a wholly owned subsidiary of Freetraders Group Limited and the cash flows of the company are included in the consolidated group cash flow statement of Freetraders Group Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

2 Turnover

Turnover consists entirely of sales in the United Kingdom arising from the company's principal activity.

Free traders Limited

Notes (continued)

3 Profit on ordinary activities before tax

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
<i>Profit on ordinary activities before tax is stated</i>		
<i>after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	33	30
Depreciation and other amounts written off tangible fixed assets:	296	115
Hire of plant and machinery - rentals payable under operating leases	134	80
Profit on disposal of fixed assets	(20)	(8)

Freetraders Limited

Notes (continued)

4 Remuneration of directors

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
Directors' emoluments:		
Remuneration as executives	<u>277</u>	<u>140</u>

The emoluments of the chairman and highest paid director were £85,000 (1994:£41,000).

The emoluments of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	Year ended 30 April 1995	7 months ended 30 April 1994
£0 - £5,000	-	1
£30,001 - £35,000	-	2
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£50,001 - £55,000	2	-
£55,001 - £60,000	-	-
£60,001 - £65,000	1	-
£80,001 - £85,000	1	-

Free traders Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows:

	Year ended 30 April 1995	7 months ended 30 April 1994
Selling and distribution	215	127
Administrative	80	44
	<hr/>	<hr/>
	295	171
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
Wages and salaries	3,633	1,615
Social security costs	362	167
Other pension costs	67	-
	<hr/>	<hr/>
	4,062	1,782
	<hr/>	<hr/>

Free traders Limited

Notes (continued)

6 Interest receivable

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
Group undertakings	170	-
Bank interest receivable	26	51
	<u>196</u>	<u>51</u>

7 Interest payable and similar charges

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
Payable to group undertakings	7	-
On bank loans, overdrafts and other loans wholly repayable within five years	54	8
	<u>61</u>	<u>8</u>

8 Tax on profit on ordinary activities

	Year ended 30 April 1995 £000	7 months ended 30 April 1994 £000
UK corporation tax at 33 % (1994:33 %) on the profit for the period on ordinary activities	424	218

Freetraders Limited

Notes (continued)

9 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	1,274	106	403	450	2,233
Additions	51	-	519	266	836
Disposals	-	-	(7)	(81)	(88)
Group transfers in	511	-	948	1,524	2,983
Reclassification	-	(106)	106	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,836	-	1,969	2,159	5,964
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>					
At beginning of year	9	90	243	212	554
Charge for year	1	-	159	136	296
Group transfers in	87	-	695	1,140	1,922
On disposals	-	-	(5)	(67)	(72)
Reclassification	-	(90)	90	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	97	-	1,182	1,421	2,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 April 1995	1,739	-	787	738	3,264
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1994	1,265	16	160	238	1,679
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Free traders Limited

Notes (continued)

10 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	1,120
Purchase of minority interest in FW Francis (Free traders) Limited	1,625
	<hr/>
At end of year	2,745
	<hr/>

	Country of registration or incorporation	Class and percentage of shares held
Scotgrange Limited	England	Ordinary 100%
FW Francis (Free traders) Limited	England	Ordinary 100%

11 Stocks

	30 April 1995 £000	30 April 1994 £000
Goods for resale	6,099	2,252
	<hr/>	<hr/>

Freetraders Limited

Notes (continued)

12 Debtors

	30 April 1995		30 April 1994	
	Due within one year £000	Due after one year £000	Due within one year £000	Due after one year £000
Trade debtors	15,007	-	5,398	-
Amounts owed by parent and fellow subsidiary undertakings	1,970	-	1,603	-
Amounts owed by subsidiary undertakings	1,083	-	-	853
Other debtors	1,239	-	780	-
Prepayments and accrued income	473	-	179	-
Deferred tax	-	505	-	-
	<u>19,772</u>	<u>505</u>	<u>7,960</u>	<u>853</u>
 Total	 <u>20,277</u>		 <u>8,813</u>	

The balance on the deferred tax asset account represents timing differences in relation to amounts provided or accrued for future restructuring costs. The movement on this account during the year has been as follows:

	£000
At beginning of year	-
Transferred in from Freetraders (Grants of St James's) Limited (note 16)	<u>505</u>
At end of year	<u>505</u>

Free traders Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	30 April 1995		30 April 1994	
	£000	£000	£000	£000
Bank overdraft		990		-
Trade creditors		7,594		4,246
Amounts due to parent and fellow subsidiary undertakings		13,272		1,715
Amounts due to subsidiary undertakings		495		887
Other creditors including tax and social security:				
Corporation tax	172		965	
Other taxes and social security	1,127		465	
	<u>1,299</u>		<u>1,430</u>	
Tax and social security		1,299		1,430
Other creditors		1,295		460
		<u>2,594</u>		<u>1,890</u>
Outstanding consideration for acquisition of Scotgrange Limited		-		400
Other loans (interest free)		1,000		-
Accruals		546		223
		<u>26,491</u>		<u>9,361</u>

Freetraders Limited

Notes (continued)

14 Creditors: amounts falling due after more than one year

	30 April 1995 £000	30 April 1994 £000
Amounts owed to parent and fellow subsidiary undertakings	13,777	13,777
Other loans (interest free)	-	1,000
	<u>13,777</u>	<u>14,777</u>

Creditors falling due after more than one year are due for repayment between two and five years time.

The balance of £1,000,000 at 30 April 1994 in other loans was unsecured and interest free.

15 Provision for liabilities and charges

	£000
<i>Provision for restructuring costs</i>	
1 May 1994	-
Transferred from Freetraders (Grants of St James's) Limited	1,027
	<u>1,027</u>
At 30 April 1995	<u>1,027</u>

Freetraders Limited

Notes (continued)

16 Acquisition of business from group company

	£000
<i>Beverages distribution business previously carried out by Freetraders (Grants of St James's) Limited:</i>	
Tangible fixed assets	1,027
Current assets	17,760
Current liabilities	(19,440)
Provision for restructuring costs included in the liabilities of the acquired business	(1,027)
Deferred tax	505
Goodwill	439
	<hr/>
Purchase consideration	(736)
	<hr/>
<i>Financed by:</i>	
Inter-company account	(736)
	<hr/>

17 Called up share capital

	30 April 1995 £	30 April 1994 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

Free traders Limited

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	30 April 1995 £000	30 April 1994 £000
Retained profit for the period	796	395
Goodwill on purchase of business from group company (note 16)	(439)	-
	<hr/>	<hr/>
Net additions to shareholders' funds	357	395
Opening shareholders' funds	(9,267)	(9,662)
	<hr/>	<hr/>
Closing shareholders' funds	(8,910)	(9,267)
	<hr/>	<hr/>

19 Reserves

	Goodwill write-off reserve £000	Profit and loss account £000
At beginning of period	(9,373)	106
Transfers	562	(562)
Retained profit for the year	-	796
Goodwill on purchase of business from group company (note 16)	(439)	-
	<hr/>	<hr/>
At end of period	(9,250)	340
	<hr/>	<hr/>

20 Contingent liabilities

The company has given unlimited multilateral guarantees in respect of fellow group undertakings. The total of liabilities guaranteed at 30 April 1995 was £549,000 (1994: £528,000).

Free traders Limited

Notes (continued)

21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	30 April 1995 Plant and machinery £000	30 April 1994 Plant and machinery £000
Operating leases which expire:		
Within one year	-	4
In the second to fifth years inclusive	134	132
	<u>134</u>	<u>136</u>

In addition, the company leases certain land and buildings on short term leases. The rents payable in the next year under these leases, which are subject to renegotiation at various intervals specified in the leases and in respect of which the company pays all insurance, maintenance and repairs are as follows:

	30 April 1995 £000	30 April 1994 £000
Date of lease termination:		
Within one year	57	-
In second to fifth years inclusive	51	102
After five years	585	24
	<u>693</u>	<u>126</u>

Freetraders Limited

Notes (continued)

- 22 Ultimate parent company and parent undertaking of largest group of which the company is a member

The company is a subsidiary undertaking of Freetraders Group Limited.

The results of the company are consolidated in the accounts of Freetraders Group Limited which owns 100% of its issued share capital. In turn, the results of Freetraders Group Limited are consolidated in the accounts of Matthew Clark plc which is the ultimate parent company. Both companies are registered in England.

The consolidated accounts of Matthew Clark plc are available to the public and may be obtained from the Company Secretary of Matthew Clark plc at Whitchurch Lane, Bristol BS14 0JZ.

The consolidated accounts of Freetraders Group Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.