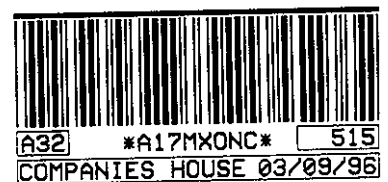


**Davenport & Son Limited**  
**Directors' report and financial statements**

31 March 1996

Registered number 152407

KPMG



# Davenport & Son Limited

## Directors' report and financial statements

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# Davenport & Son Limited.

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

### Principal activities

The company has now reduced significantly its level of trading as a wine merchant. The company continues to own property from which it derives rental income.

### Business review

The results of the company for the year are set out in detail on page 4.

Turnover for the year was £103,090 compared with £772,531 for last year. The profit before tax was £42,480 compared to a loss before tax of £32,525 for last year.

During the period, the company sold the majority of the trade and stocks of the wine merchant business to a third party.

### Proposed dividend and transfer to reserves

The directors recommend that a ordinary dividend of £1,500 (2p per share) be paid.

After deducting the total ordinary dividends of £1,500, the profit for the year retained in the company is £32,969.

### Significant changes in fixed assets

Movements in fixed assets are set out in note 11 to the accounts.

### Directors and directors' interests

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

Mr AW Fenwick	(Chairman)
Mrs CS Fenwick	
Mr MJ Fenwick	

The director retiring by rotation is Mr MJ Fenwick who, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company as recorded in the register of directors' share and debenture interests:

	Class of share	Interest at end of year	Interest at beginning of year or date of appointment
Mr MJ Fenwick	Ordinary shares	10,000	10,000

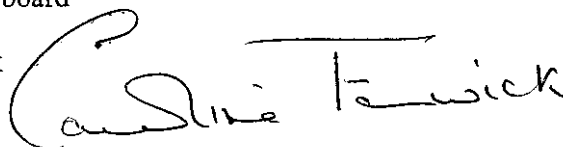
In addition Mr AW Fenwick and Mrs CS Fenwick had a non beneficial interest in 13,750 shares, and Mrs CS Fenwick had a non beneficial interest in a further 43,750 shares.

### Auditors

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

Mrs CS Fenwick  
Director



52 Market Street  
Ashby-de-la-Zouch  
Leicestershire

# Davenport & Son Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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.



1 Waterloo Way  
Leicester  
LE1 6LP

## Auditors' report to the members of Davenport & Son Limited

We have audited the financial statements on pages 4 to 12.

### Respective responsibilities of directors and auditors

As described on page 2 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.

### Qualified opinion arising from disagreement about accounting treatment

As explained in the accounting policies on page 6, investment properties are not stated at market value as required by Statement of Standard Accounting Practice No. 19. The market values are considered to be in excess of the book values, but we are unable to quantify the excess.

Except for accounting for investment properties in the manner described in the preceding paragraph and subject to any adjustments which might be necessary as a result of it, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditors

2 September 1996.

# Davenport & Son Limited

## Profit and loss account

for the year ended 31 March 1996

	Note	Year to 1996 £	13 months ended 1995 (restated) £
<b>Turnover</b>	<b>2</b>		
Continuing operations		103,090	92,021
Discontinued operations		-	680,510
		<u>103,090</u>	<u>772,531</u>
Operating expenses	3	62,226	796,057
<b>Operating (loss)/profit</b>	<b>4</b>		
Continuing operations		40,864	(8,171)
Discontinued operations		-	(15,355)
		<u>40,864</u>	<u>(23,526)</u>
Profit/(loss) on ordinary activities before interest		<u>40,864</u>	<u>(23,526)</u>
Interest receivable and similar income	7	2,366	-
Interest payable and similar charges	8	(750)	(8,999)
		<u></u>	<u></u>
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>4</b>	<b>42,480</b>	<b>(32,525)</b>
Tax on profit/(loss) on ordinary activities	9	(8,011)	-
		<u>34,469</u>	<u>(32,525)</u>
<b>Profit/(loss) for the financial year</b>		<b>34,469</b>	<b>(32,525)</b>
Dividends proposed	10	(1,500)	(750)
		<u>32,969</u>	<u>(33,275)</u>
<b>Retained profit/(deficit) for the financial year</b>		<b>32,969</b>	<b>(33,275)</b>
Retained profit brought forward		75,219	108,494
		<u>108,188</u>	<u>75,219</u>

There were no recognised gains or losses other than the profit for the year.

The notes on pages 6 to 12 form part of these financial statements.

# Davenport & Son Limited

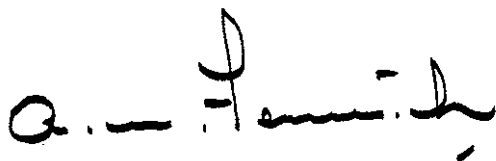
## Balance sheet at 31 March 1996

	Note	£	1996	£	£	1995	£
<b>Fixed assets</b>							
Tangible assets	11		119,641			121,158	
<b>Current assets</b>							
Stocks	12	10,889			15,840		
Debtors	13	7,126			79,097		
Cash at bank and in hand		123,585			197		
			141,600		95,134		
<b>Creditors: amounts falling due within one year</b>	14	(50,496)			(37,813)		
<b>Net current assets</b>			91,104		57,321		
<b>Total assets less current liabilities</b>			210,745		178,479		
<b>Creditors: amounts falling due after more than one year</b>	15		-		(703)		
<b>Net assets</b>			210,745		177,776		
<b>Capital and reserves</b>							
Called up share capital	16	75,000			75,000		
Capital reserve		7,557			7,557		
General reserve		20,000			20,000		
Profit and loss account		108,188			75,219		
			210,745		177,776		

The notes on pages 6 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 26 August 1996 and were signed on its behalf by:

Mr AW Fenwick  
Director



# Davenport & Son 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 in relation 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.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	25 % - 33 % per annum
Motor vehicles	-	25 % per annum

Investment properties are stated at cost. This is not in accordance with Statement of Standard Accounting Practice No. 19, in that investment properties should be included at market value. No depreciation is provided on the properties in accordance with Statement of Standard Accounting Practice No. 19. The directors consider the market value to be in excess of book value, but in the absence of a valuation, they are unable to quantify the amount of any surplus.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

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 the shorter. Future instalments under such leases, net of finance charges, are included with 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.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value, and consist wholly of goods for resale.



# Davenport & Son Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### 2 Analysis of turnover

	1996 £	1995 £
Wine merchants	7,825	680,510
Property income	95,265	92,021
	<u>103,090</u>	<u>772,531</u>

### 3 Analysis of continuing and discontinued operations

	Con- tinuing £	1996 Dis- continued £	Total £	Con- tinuing £	1995 Dis- continued £	(Restated) Total £
Operating expenses						
Change in stocks of finished goods	4,951	-	4,951	-	161,067	161,067
Raw materials and consumables	239	-	239	-	367,997	367,997
Staff costs	37,626	-	37,626	91,808	73,728	164,536
Depreciation and other amounts written off tangible fixed assets	1,517	-	1,517	1,516	14,338	15,854
Other operating charges	17,893	-	17,893	6,868	79,735	86,603
	<u>62,226</u>	<u>-</u>	<u>62,226</u>	<u>100,192</u>	<u>696,865</u>	<u>796,057</u>

# Davenport & Son Limited

## Notes (continued)

### 4 Profit/(loss) on ordinary activities before taxation

	1996 £	1995 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	2,700	3,000
<i>after crediting</i>		
Rents receivable from property (less expenses)	(93,084)	(85,153)
Profit on sale of fixed assets	-	(1,520)

### 5 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
As directors	-	1,500
Remuneration as executives	36,721	92,574
	36,721	94,074

The emoluments, excluding pension contributions, of the chairman and highest paid director were £26,721 (1995:£27,329).

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

	Number of directors	
	1996	1995
£ 0 - £5,000	1	1
£10,001 - £15,000	1	1
£25,001 - £30,000	1	1

# Davenport & Son Limited

## Notes (continued)

### 6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Management and administration	3	7
Selling and distribution	-	2
	<u>3</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	1996 £	1995 £
Wages and salaries	34,388	89,256
Social security costs	3,238	8,040
Other pension costs	-	54,713
Redundancy payments	-	12,527
	<u>37,626</u>	<u>164,536</u>

### 7 Other interest receivable and similar income

	1996 £	1995 £
Other	2,366	-
	<u>2,366</u>	<u>-</u>

### 8 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	41	5,861
Finance charges payable in respect of finance leases and hire purchase contracts	709	3,138
	<u>750</u>	<u>8,999</u>

### 9 Taxation

	1996 £	1995 £
UK corporation tax at 25% (1995: 25%) on the profit/(loss) for the year on ordinary activities	8,011	-
	<u>8,011</u>	<u>-</u>

# Davenport & Son Limited

## Notes (continued)

### 10 Dividends

	1996 £	1995 £
Ordinary shares:		
Final proposed	1,500	750

### 11 Tangible fixed assets

	Land and buildings	Motor vehicles	Fixtures fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At beginning of and				
At end of year	134,420	19,400	71,868	225,688
<b>Depreciation and diminution in value</b>				
At beginning of year	14,781	19,399	70,350	104,530
Charge for year	-	-	1,517	1,517
At end of year	14,781	19,399	71,867	106,047
<b>Net book value</b>				
At 31 March 1996	119,639	1	1	119,641
At 31 March 1995	119,639	1	1,518	121,158

The net book value of land and buildings comprises:

	1996 £	1995 £
Freehold	119,639	119,639

Included in the total net book value of tangible assets is £1 (1995:£1,516) in respect of assets held under finance leases. Depreciation for the year on these assets was £1,515 (1995:£1,516).

### 12 Stocks

	1996 £	1995 £
Goods for resale	10,889	15,840

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

# Davenport & Son Limited

## Notes (continued)

### 13 Debtors

	1996		1995	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Trade debtors	1,844	-	69,894	-
Other debtors	1,253	-	8,703	-
Prepayments and accrued income	3,654	-	500	-
Recoverable ACT	-	375	-	-
	<u>6,751</u>	<u>375</u>	<u>79,097</u>	<u>-</u>

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

	1996		1995	
	£	£	£	£
Bank loans and overdrafts		-	11,770	
Obligations under finance leases and hire purchase contracts		703	937	
Trade creditors		-	638	
Other creditors including taxation and social security:				
Corporation tax	5,706		-	
Other taxes and social security	5,228		329	
	<u>10,934</u>		<u>329</u>	
Taxation and social security				
Other creditors	7,439		14,790	
	<u>18,373</u>		<u>15,119</u>	
Accruals and deferred income	29,545		8,599	
Dividend proposed	1,500		750	
Related advance corporation tax	375		-	
	<u>50,496</u>		<u>37,813</u>	

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

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts	-	703
Creditors repayable by instalments :	<u>-</u>	<u>-</u>

# Davenport & Son Limited

## Notes (continued)

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1996 £	1995 £
Within one year	703	937
In the second to fifth years	-	703
	<u>703</u>	<u>1,640</u>

### 16 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

### 17 Commitments

There were no capital commitments as at the balance sheet date (1995:Nil).

### 18 Pension scheme

The company operates two defined contribution pension schemes, one for the directors and one for the employees. The pension cost charge for the period represents contributions payable by the company to the funds and amounted to £0 (1995:£54,713).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 19 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
Shareholders' funds at beginning of year	177,776	211,051
Profit/(loss) for the year	34,469	(32,525)
Dividends	(1,500)	(750)
Shareholders' funds at end of year	<u>210,745</u>	<u>177,776</u>

### 20 Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is entitled to the exemptions available in Sections 246 to 249 of the Companies Act 1985 for small companies.