

G.C. BIRCHALL (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1997



ASHWORTH MOULDS & CO.

Chartered Accountants



G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

COMPANY INFORMATION

DIRECTORS: Mr. Colin G. Birchall Chairman and  
Managing Director

Mrs. Christine Birchall

SECRETARY: Mr. Colin G. Birchall

COMPANY NUMBER: 345838 (England and Wales)

REGISTERED OFFICE: 11, Nicholas Street,  
Burnley.  
Lancashire.  
BB11 2AL

AUDITORS: Ashworth Moulds & Co.  
11, Nicholas Street,  
Burnley,  
Lancashire.  
BB11 2AL

BANKERS: Barclays Bank plc,  
72, St. James Street,  
Burnley.  
Lancashire.  
BB11 1NH

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

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## G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

### DIRECTORS' REPORT

The directors present their report and the annual accounts for the year ended 31st March, 1997.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a non-trading company holding all the issued share capital of G.C. Birchall Ltd., which is engaged in the wholesaling of food.

### RESULTS AND DIVIDENDS

The results for the year are shown on pages 3 and 5.

### FIXED ASSETS

The significant changes in fixed assets during the year are explained in Note 8 and 9 to the financial statements.

### DIRECTORS' INTERESTS

The directors of the company and their beneficial interests in the shares of the company are set out below.

	<u>1997</u>	<u>1996</u>
Mr. Colin G. Birchall	83	88
Mrs. Christine Birchall	62	72

In accordance with the company's Articles of Association, Mrs. Christine Birchall retires by rotation and, being eligible, offers herself for re-election.

### AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Ashworth Moulds & Co. be re-appointed as auditors of the company will be put to the Annual General Meeting.

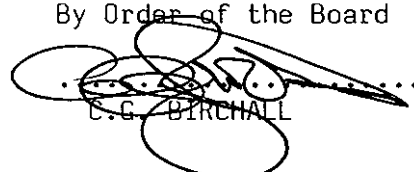
### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare 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 of the company for that period. In preparing those accounts, 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

 (Director)  
C.G. BIRCHALL

Dated 26<sup>th</sup> January 1998....

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

AUDITORS' REPORT TO THE SHAREHOLDERS OF G.C. BIRCHALL (HOLDINGS) LIMITED  
AND ITS SUBSIDIARY

We have audited the financial statements on pages 3 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 accounts 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 accounts. It also includes an assessment of the significant estimates and judgements 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 mis-statements, 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 accounts.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company and group affairs as at 31st March, 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26th January 1998

A Ashworth Moulds  
ASHWORTH MOULDS  
Chartered Accountants  
and Registered Auditor

11, Nicholas Street, Burnley

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH, 1997

	NOTES	1997	1996
<u>TURNOVER</u>	2.	2,353,730	2,269,564
Cost of Sales		(1,845,506)	(1,788,390)
<u>GROSS PROFIT</u>		508,224	481,174
Distribution Costs		(268,268)	(228,138)
Administrative Expenses		(165,202)	(141,998)
<u>OPERATING PROFIT</u>	3.	74,754	111,038
Investment income	4.	124	2,500
Other interest receivable and similar income	4.	3	9
Interest payable and similar charges	5.	(13,372)	(12,404)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		61,509	101,143
Tax on profit on ordinary activities	6.	(15,004)	(25,533)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		46,505	75,610
Dividends	7.	(20,000)	(30,000)
<u>RETAINED PROFIT FOR THE YEAR 17.</u>		£ 26,505	£ 45,610

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

The group has no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 7 to 13 form an integral part of these accounts.

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

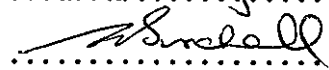
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 1997

	NOTES	1997	1996
<u>FIXED ASSETS</u>			
Tangible Assets	8.	146,929	132,296
Investments	9.	3,513	3,513
		<hr/>	<hr/>
		150,442	135,809
<u>CURRENT ASSETS</u>			
Stocks	10.	208,060	221,670
Debtors	11.	369,034	340,105
Cash at bank and in hand		2,595	3,075
		<hr/>	<hr/>
		579,689	564,850
<u>CREDITORS: Amounts falling due</u>			
within one year	12.	(390,734)	(385,211)
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		187,955	179,639
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		338,397	315,448
<u>CREDITORS: Amounts falling due</u>			
after more than one year	13.	(37,329)	(38,936)
<u>PROVISIONS FOR LIABILITIES</u>			
<u>    AND CHARGES</u>	14.	(4,595)	(4,630)
<u>ACCRUALS AND DEFERRED INCOME</u>	15.	(3,828)	(5,742)
		<hr/>	<hr/>
<u>NET ASSETS</u>		£ 292,645	£ 266,140
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	16.	160	160
Profit and Loss Account	17.	292,485	265,980
		<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS</u>			
- <u>EQUITY INTERESTS</u>	18.	£ 292,645	£ 266,140
		<hr/>	<hr/>

The notes on pages 7 to 13 form an integral part of these accounts.

The financial statements were approved by the Board on

..26<sup>th</sup> January..1998.....

 (Director)  
MRS. CHRISTINE BIRCHALL

G.C. BIRCHALL (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH, 1997

	<u>1997</u>	<u>1996</u>
Dividends Received (Net)	20,000	30,000
Dividends Paid	20,000	30,000
	-	-
Retained Profit brought forward	6,091	6,091
<u>RETAINED PROFIT CARRIED FORWARD</u>	<u>£ 6,091</u>	<u>£ 6,091</u>

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

The company has no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 7 to 13 form an integral part of these accounts.



G.C. BIRCHALL (HOLDINGS) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	NOTES	1997	1996
<u>INVESTMENT IN SUBSIDIARY COMPANY</u>		4,702	4,702
<u>CURRENT ASSETS</u>			
Amount due from Subsidiary Company	1,548	1,548	1,548
Cash at bank and in hand	1	1	1
	1,549	1,549	1,549
<u>CURRENT LIABILITIES</u>			
	-	-	-
	1,549	1,549	1,549
		£ 6,251	£ 6,251
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	16.	160	160
Profit and Loss Account	17.	6,091	6,091
	18.	£ 6,251	£ 6,251

The notes on pages 7 to 13 form an integral part of these accounts.

The financial statements were approved by the Board on

..26<sup>th</sup> January..1998.....

.....*Christine Birchall*..... (Director)  
MRS. CHRISTINE BIRCHALL

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

YEAR ENDED 31ST MARCH, 1997

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Alterations to leasehold property	20% straight line basis
Warehouse Fixtures & Fittings	20% reducing balance basis
Office Fixtures and Fittings	20% reducing balance basis
Motor Vehicles	25% reducing balance basis

1.4 Leasing and Hire Purchase Commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the company's depreciation policies. 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 on a straight line basis over the life of the agreement.

Rentals payable under operating leases are charged against income in the year in which they are incurred.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal.

1.7 Pensions

Pension costs are charged to the profit and loss account in the year in which they are incurred.

1.8 Deferred Taxation

Deferred taxation is provided in full at appropriate rates on all timing differences using the liability method.

1.9 Grant

The grant is written off over 5 years, being the same period as the leasehold alterations to which it relates.

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1997

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. OPERATING PROFIT

1997

1996

Operating profit is stated after charging:-

Depreciation on tangible fixed assets	38,089	25,099
Operating lease charges	720	720
Auditors' remuneration	3,500	3,200

4. INCOME FROM INVESTMENTS, OTHER INTEREST RECEIVABLE  
AND SIMILAR INCOME

Income from unlisted investments	124	2,500
Bank Interest	3	9

£ 127

£ 2,509

5. INTEREST PAYABLE

On bank loans and overdrafts	7,896	8,589
On loans not wholly repayable within five years	2,118	1,989
Lease finance charges and hire purchase interest	3,358	1,826

£ 13,372

£ 12,404

6. TAXATION

U.K. Current year taxation -

U.K. Corporation Tax at 24% (1996 25%)	15,014	22,358
Tax Credits on franked investment income	25	500
Deferred Tax	(35)	2,675

£ 15,004

£ 25,533

7. DIVIDEND

Ordinary shares - paid	£ 20,000	£ 30,000
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G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1997

8.	<u>TANGIBLE FIXED ASSETS</u>	<div> <div>Warehouse</div> <div>Office</div> </div>				<u>Total</u>
		<u>Alterations</u> <u>to Leasehold</u> <u>Property</u>	<u>Fixtures</u> <u>and</u> <u>Fittings</u>	<u>Fixtures</u> <u>and</u> <u>Fittings</u>	<u>Motor</u> <u>Vehicles</u>	
	<u>COST</u>					
	At 1st April, 1996	20,572	43,034	73,442	123,418	260,466
	Additions	-	902	7,173	47,371	55,446
	Disposals	-	-	-	(8,850)	(8,850)
	At 31st March, 1997	£ 20,572	43,936	80,615	161,939,	307,062
	<u>DEPRECIATION</u>					
	At 1st April, 1996	8,506	24,106	29,572	65,986	128,170
	On disposals	-	-	-	(6,126)	(6,126)
	Charge for the year	4,022	3,966	10,209	19,892	38,089
	At 31st March, 1997	£ 12,528	28,072	39,781	79,752	160,133
	<u>NET BOOK VALUE</u>					
	At 31st March, 1997	£ 8,044	15,864	40,834	82,187	146,929
	At 31st March, 1996	£ 12,066	18,928	43,870	57,432	132,296

Included above are assets held under finance leases or hire purchase contracts as follows:-

	<u>Warehouse</u> <u>Fixtures</u> <u>&amp; Fittings</u>	<u>Office</u> <u>Fixtures</u> <u>&amp; Fittings</u>	<u>Motor</u> <u>Vehicles</u>	<u>Total</u>
Net Book Values				
At 31st March, 1997	£ -	22,698	6,019	28,717
At 31st March, 1996	£ -	31,733	17,658	49,391
Depreciation charge for the year				
31st March, 1997	£ -	5,674	2,006	7,680
31st March, 1996	£ -	840	4,994	5,834

9. FIXED ASSET INVESTMENTS

(a) <u>THE GROUP</u>	<u>1997</u>	<u>1996</u>
Unlisted investments at cost	£ 3,513	£ 3,513
(b) <u>THE COMPANY</u>		
Shares at cost in subsidiary	£ 4,702	£ 4,702

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1997

	<u>1997</u>	<u>1996</u>
10. <u>STOCKS - THE GROUP</u>		
Finished goods and goods for resale	£ 208,060	£ 221,670
	<u>          </u>	<u>          </u>
11. <u>DEBTORS</u>		
(a) <u>THE GROUP</u>		
Trade debtors	319,944	313,148
ACT recoverable	5,000	7,500
Other debtors	-	1,925
Prepayments and accrued income	44,090	17,532
	<u>          </u>	<u>          </u>
	£ 369,034	£ 340,105
	<u>          </u>	<u>          </u>
(b) <u>THE COMPANY</u>		
Due from subsidiary	£ 1,548	£ 1,548
	<u>          </u>	<u>          </u>
12. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - THE GROUP</u>		
Bank loans and overdrafts	175,763	134,683
Net obligations under finance lease and hire purchase contracts	16,464	14,957
Trade creditors	139,526	144,401
Corporation tax	20,014	29,858
Other taxes and social security costs	8,094	7,119
Directors current accounts	8,116	23,568
Other creditors	3,461	3,212
Accruals and deferred income	20,296	27,413
	<u>          </u>	<u>          </u>
	£ 391,734	£ 385,211
	<u>          </u>	<u>          </u>

The bank loan and overdraft are secured by a debenture incorporating a fixed and floating charge over all the company's assets.

The aggregate amount of secured borrowing, including amounts due under finance leases and hire purchase agreements, is £209,710 (1996 £168,730).

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1997

13.	<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>1997</u>	<u>1996</u>
	Pension Company Loan	19,846	19,846
	Net obligations under finance leases and hire purchase agreements	17,483	19,090
		<hr/>	<hr/>
		£ 37,329	£ 38,936
		<hr/>	<hr/>
	<u>Analysis of Loans</u>		
	Not wholly repayable within five years by instalments	19,846	19,846
	Wholly repayable within five years	717	8,697
		<hr/>	<hr/>
		20,563	28,543
	Included in current liabilities	(717)	(8,697)
		<hr/>	<hr/>
		£ 19,846	£ 19,846
		<hr/>	<hr/>
	<u>Loan maturity analysis</u>		
	In five years or more	19,846	19,846
		<hr/>	<hr/>
	<u>Net obligations under finance leases and hire purchase contracts</u>		
	Repayable within one year	19,450	17,876
	Repayable between one and five years	20,601	22,478
		<hr/>	<hr/>
		40,051	40,354
	Finance charges and interest allocated to future accounting periods	(6,104)	(6,307)
		<hr/>	<hr/>
		33,947	34,047
	Included in liabilities falling due within one year	(16,464)	(14,957)
		<hr/>	<hr/>
		£ 17,483	£ 19,090
		<hr/>	<hr/>

Finance leases and hire purchase contracts are secured on the assets to which they relate.

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1997

14.	<u>PROVISION FOR LIABILITIES AND CHARGES</u>	<u>1997</u>	<u>1996</u>
	Deferred taxation	£ 4,595	£ 4,630
		<u>          </u>	<u>          </u>
	Deferred tax is provided at 24% (1996 25%) analysed over the following timing differences:-		
		<u>Fully Provided</u>	
	Accelerated capital allowances	£ 4,595	£ 4,630
		<u>          </u>	<u>          </u>
	Movements on the provision for deferred taxation are:		
	At 1st April, 1996	4,630	
	Transferred from profit and loss account	(35)	
		<u>          </u>	
	At 31st March, 1997	£ 4,595	
		<u>          </u>	
15.	<u>ACCRUALS AND DEFERRED INCOME</u>		<u>Grants</u>
	Balance at 1st April, 1996		5,742
	Amortisation in the period		(1,914)
			<u>          </u>
	Balance at 31st March, 1997		£ 3,828
			<u>          </u>
16.	<u>SHARE CAPITAL</u>		
	Authorised:		
	5,000 Ordinary Shares of £1 each	£ 5,000	£ 5,000
		<u>          </u>	<u>          </u>
	Allotted, issued and fully paid:		
	160 Ordinary Shares of £1 each	£ 160	£ 160
		<u>          </u>	<u>          </u>
17.	<u>STATEMENT OF MOVEMENT ON RESERVES</u>		
	<u>THE GROUP</u>	<u>Profit and Loss Account</u>	
	Balance at 1st April, 1996	265,980	
	Retained profit for year	26,505	
		<u>          </u>	
	Balance at 31st March, 1997	£ 292,485	
		<u>          </u>	
	<u>THE COMPANY</u>		
	Balance at 1st April, 1996	6,091	
	Retained profit for the year	-	
		<u>          </u>	
	Balance at 31st March, 1997	£ 6,091	
		<u>          </u>	

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1997

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

<u>THE GROUP</u>	<u>1997</u>	<u>1996</u>
Profit for the financial year	46,505	75,610
Dividends	(20,000)	(30,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	26,505	45,610
Opening shareholders' funds	266,140	220,530
	<hr/>	<hr/>
Closing shareholders' funds	£ 292,645	£ 266,140
	<hr/>	<hr/>
<u>THE COMPANY</u>		
Dividends Received	20,000	30,000
Dividends Paid	20,000	30,000
	<hr/>	<hr/>
Opening Shareholders Funds	6,251	6,251
	<hr/>	<hr/>
Closing Shareholders' Funds	£ 6,251	£ 6,251
	<hr/>	<hr/>

19. EMPLOYEES

Number of employees:-

	<u>No.</u>	<u>No.</u>
The average weekly number of employees (including directors) during the year was	24	21
	<hr/>	<hr/>

Employment costs:-

Wages and salaries	213,421	188,280
Social security costs	17,205	13,597
Other pension costs	10,357	7,215
	<hr/>	<hr/>
	£ 240,983	£ 209,092
	<hr/>	<hr/>