

345838

G.C. BIRCHALL (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1998



ASHWORTH MOULDS & CO.

Chartered Accountants

11 Nicholas Street, Burnley, Lancs. BB11 2AL



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 financial statements for the year ended 31st March, 1998.

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>1998</u>	<u>1997</u>
Mr. Colin G. Birchall	83	83
Mrs. Christine Birchall	62	62

In accordance with the company's Articles of Association, Mr. Colin G. Birchall retires by rotation and, being eligible, offers himself 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 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 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 financial statements 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


C.G. BIRCHALL

..... (Director)

Dated ..15/1/98.....

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 14, 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 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 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 financial statements.

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, 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15th July 1998

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, 1998

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
<u>TURNOVER</u>	2.	2,410,329	2,353,730
Cost of Sales		(1,851,345)	(1,845,506)
<u>GROSS PROFIT</u>		558,984	508,224
Distribution Costs		(290,380)	(268,268)
Administrative Expenses		(147,008)	(165,202)
<u>OPERATING PROFIT</u>	3.	121,596	74,754
Investment income	4.	124	124
Other interest receivable and similar income	4.	-	3
Interest payable and similar charges	5.	(15,754)	(13,372)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		105,966	61,509
Tax on profit on ordinary activities	6.	(22,080)	(15,004)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		83,886	46,505
Dividends	7.	(47,000)	(20,000)
<u>RETAINED PROFIT FOR THE YEAR</u>	17.	£ 36,886	£ 26,505

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 14 form an integral part of these accounts.

G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 1998

	NOTES	1998	1997
<u>FIXED ASSETS</u>			
Tangible Assets	8.	139,494	146,929
Investments	9.	3,513	3,513
		<u>143,007</u>	<u>150,442</u>
<u>CURRENT ASSETS</u>			
Stocks	10.	208,058	208,060
Debtors	11.	410,928	369,034
Cash at bank and in hand		1,475	2,595
		<u>620,461</u>	<u>579,689</u>
<u>CREDITORS: Amounts falling due within one year</u>	12.	(388,308)	(391,734)
<u>NET CURRENT ASSETS</u>		<u>232,153</u>	<u>187,955</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>375,160</u>	<u>338,397</u>
<u>CREDITORS: Amounts falling due after more than one year</u>	13.	(38,252)	(37,329)
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	14.	(5,461)	(4,595)
<u>ACCRUALS AND DEFERRED INCOME</u>	15.	(1,914)	(3,828)
<u>NET ASSETS</u>		<u>£ 329,533</u>	<u>£ 292,645</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	16.	160	160
Profit and Loss Account	17.	329,373	292,485
<u>SHAREHOLDERS' FUNDS</u>			
- <u>EQUITY INTERESTS</u>	18.	<u>£ 329,533</u>	<u>£ 292,645</u>

The notes on pages 7 to 14 form an integral part of these accounts.

The financial statements were approved by the Board on

....15th July, 1998.....

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

G.C. BIRCHALL (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH, 1998

	<u>1998</u>	<u>1997</u>
Dividends Received (Net)	47,000	20,000
Dividends Paid	47,000	20,000
	-	-
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 14 form an integral part of these accounts.

G.C. BIRCHALL (HOLDINGS) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1998

	NOTES	1998	1997
<u>INVESTMENT IN SUBSIDIARY COMPANY</u>		4,702	4,702
<u>CURRENT ASSETS</u>			
Amount due from Subsidiary Company	1,548		1,548
Cash at bank and in hand	1		1
	1,549		1,549
<u>CURRENT LIABILITIES</u>	-		-
		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 14 form an integral part of these accounts.

The financial statements were approved by the Board on

.....15th July, 1998.....

.......... (Director)
MRS. CHRISTINE BIRCHALL

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

YEAR ENDED 31ST MARCH, 1998

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements are prepared under the historical cost convention.

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, 1998

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

1998

1997

Operating profit is stated after charging:-

Depreciation on tangible assets	42,611	38,089
Operating lease charges	-	360
Auditors' remuneration	3,500	3,500

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

Income from unlisted investments	124	124
Bank Interest	-	3

£ 124

£ 127

5. INTEREST PAYABLE

On bank loans and overdrafts	9,903	7,896
On loans not wholly repayable within five years	2,058	2,118
Lease finance charges and hire purchase interest	3,793	3,358

£ 15,754

£ 13,372

6. TAXATION

U.K. Current year taxation -

U.K. Corporation Tax at 21 % (1997 24%)	21,189	15,014
Tax Credits on franked investment income	25	25
Deferred Taxation	866	(35)

£ 22,080

£ 15,004

7. DIVIDEND

Ordinary shares - paid	£ 47,000	£ 20,000
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G.C. BIRCHALL (HOLDINGS) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1998

8.

<u>TANGIBLE FIXED ASSETS</u>		<u>Alterations to Leasehold Property</u>	<u>Warehouse Fixtures and Fittings</u>	<u>Office Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>COST</u>						
At 1st April, 1997		20,572	43,936	80,615	161,939	307,062
Additions		-	888	1,341	34,799	37,028
Disposals		-	-	-	(16,195)	(16,195)
<hr/>						
At 31st March, 1998	£	20,572	44,824	81,956	180,543	327,895
<hr/>						
<u>DEPRECIATION</u>						
At 1st April, 1997		12,528	28,072	39,781	79,752	160,133
On disposals		-	-	-	(14,343)	(14,343)
Charge for the year		4,022	3,350	8,435	26,804	42,611
<hr/>						
At 31st March, 1998	£	16,550	31,422	48,216	92,213	188,401
<hr/>						
<u>NET BOOK VALUE</u>						
At 31st March, 1998	£	4,022	13,402	33,740	88,330	139,494
<hr/>						
At 31st March, 1997	£	8,044	15,864	40,834	82,187	146,929

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

	<u>Warehouse Fixtures & Fittings</u>	<u>Office Fixtures & Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
Net Book Values				
At 31st March, 1998	£ -	18,158	48,846	67,004
At 31st March, 1997	£ -	22,698	27,430	50,128
Depreciation charge for the year				
31st March, 1998	£ -	4,540	13,383	17,923
31st March, 1997	£ -	5,674	5,066	10,740

9. FIXED ASSET INVESTMENTS

(a) <u>THE GROUP</u>	<u>1998</u>	<u>1997</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, 1998

	<u>1998</u>	<u>1997</u>
10. <u>STOCKS - THE GROUP</u>		
Finished goods and goods for resale	£ 208,058	£ 208,060
	<u> </u>	<u> </u>
11. <u>DEBTORS</u>		
(a) <u>THE GROUP</u>		
Trade debtors	352,740	319,944
ACT recoverable	11,775	5,000
Prepayments and accrued income	46,413	44,090
	<u> </u>	<u> </u>
	£ 410,928	£ 369,034
	<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	78,123	175,763
Net obligations under finance lease and hire purchase contracts	24,081	16,464
Trade creditors	219,085	139,526
Corporation tax	21,189	15,014
Other taxes and social security costs	17,216	13,094
Directors current accounts	1,439	8,116
Other creditors	6,021	3,461
Accruals and deferred income	21,154	20,296
	<u> </u>	<u> </u>
	£ 388,308	£ 391,734
	<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 £120,610 (1997 £209,710).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 1998

13.

<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>		
	<u>1998</u>	<u>1997</u>
Other loans	19,846	19,846
Net obligations under finance leases and hire purchase agreements	18,406	17,483
	<hr/>	<hr/>
	£ 38,252	£ 37,329
	<hr/>	<hr/>
<u>Analysis of Loans</u>		
Not wholly repayable within five years by instalments:		
Pension Company Loan	19,846	19,846
Wholly repayable within five years	-	717
	<hr/>	<hr/>
	19,846	20,563
Included in current liabilities	-	(717)
	<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	28,199	19,450
Repayable between two and five years	21,439	20,601
	<hr/>	<hr/>
	49,638	40,051
Finance charges and interest allocated to future accounting periods	(7,151)	(6,104)
	<hr/>	<hr/>
	42,487	33,947
Included in liabilities falling due within one year	(24,081)	(16,464)
	<hr/>	<hr/>
	£ 18,406	£ 17,483
	<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, 1998

14.	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		<u>Deferred Taxation</u>
	Balance at 1st April, 1997		4,595
	Profit and loss account		866
			<hr/>
	Balance at 31st March, 1998		£ 5,461
			<hr/>
	Deferred tax is provided at 21% (1997 24%) analysed over the following timing differences:-		
		<u>Fully Provided</u>	
		<u>1998</u>	<u>1997</u>
	Accelerated capital allowances	£ 5,461	£ 4,595
		<hr/>	<hr/>
15.	<u>ACCRUALS AND DEFERRED INCOME</u>		<u>Grants</u>
	Balance at 1st April, 1997		3,828
	Amortisation in the period		(1,914)
			<hr/>
	Balance at 31st March, 1998		£ 1,914
			<hr/>
16.	<u>SHARE CAPITAL</u>		
	Authorised:		
	5,000 Ordinary Shares of £1 each	£ 5,000	£ 5,000
		<hr/>	<hr/>
	Allotted, called up and fully paid:		
	160 Ordinary Shares of £1 each	£ 160	£ 160
		<hr/>	<hr/>
17.	<u>STATEMENT OF MOVEMENT ON PROFIT AND LOSS ACCOUNT</u>		
	<u>THE GROUP</u>		
	Balance at 1st April, 1997		292,487
	Retained profit for year		36,886
			<hr/>
	Balance at 31st March, 1998		£ 329,373
			<hr/>
	<u>THE COMPANY</u>		
	Balance at 1st April, 1997		6,091
	Retained profit for the year		-
			<hr/>
	Balance at 31st March, 1998		£ 6,091
			<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1998

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
<u>THE GROUP</u>		
Profit for the financial year	83,886	46,505
Dividends	(47,000)	(20,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	36,886	26,505
Opening shareholders' funds	292,645	266,140
	<hr/>	<hr/>
Closing shareholders' funds	£ 329,533	£ 292,645
	<hr/>	<hr/>
<u>THE COMPANY</u>		
Dividends Received	47,000	20,000
Dividends Paid	47,000	20,000
	<hr/>	<hr/>
Opening Shareholders Funds	6,251	6,251
	<hr/>	<hr/>
Closing Shareholders' Funds	£ 6,251	£ 6,251
	<hr/>	<hr/>

19. TRANSACTIONS WITH DIRECTORS

At 31st March, 1998 the group owed the directors £1,439.

20. EMPLOYEES

Number of employees:-

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

Employment costs:-

Wages and salaries	245,555	213,421
Social security costs	19,914	17,205
Other pension costs	7,954	10,357
	<hr/>	<hr/>
	£ 273,423	£ 240,983
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 1998

21. RELATED PARTY TRANSACTIONS

1. G.C. Birchall Limited during the year ended 31st March, 1998 received the following amounts in respect of sales and services provided to Catering Distributors Alliance Limited:-

Sales	£ 15,467
Management Charges	£ 27,500
Expenses Recharged	£ 1,999

G.C. Birchall Limited owns one third of the Share Capital of Catering Distributors Alliance Limited.

2. Additional related party transactions are disclosed in Note 19.