

Landmark Cash & Carry Limited

Directors' report and financial
statements

Registered number 659576
30 April 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2001.

Principal activities

The company's principal activities are the marketing and purchase (as agents and principal) of own label grocery, licenced and catering products, the negotiation of terms and commissions and the provision of promotional, trading development and technical services to its wholesale and retail members.

The company has a wholly owned subsidiary, Independent Food Services Limited which possesses the Lifestyle, Caterers Kitchen and other exclusive trade marks and is responsible for the quality control of these labels. This company in turn has a wholly owned subsidiary, Independent Cigarette Company Limited, which is the owner of Number 3 and Style brands.

The company also owns 33% of the shares of Group Trading Alliance Limited. This company is responsible for negotiating overrider terms on behalf of its wholesale members.

Business Review

Landmark continues to lead the wholesale cash & carry sector despite the continuing pressures within the industry. An excellent year has seen both record profits for the company and the highest ever advertising and overrider income for our members.

The directors consider the results for the year to be satisfactory and continue to look forward to the future with confidence.

The company's subsidiary companies did not trade during the year.

Proposed dividend

The directors recommend that a final dividend of £500,000 (2000: £140,000) be paid. The retained profit of £26,249 (2000: £21,482) has been transferred to reserves.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office throughout the year, together with their dates of appointment or resignation where appropriate, were as follows:

S Parfett (Chairman)		C T Rose	(appointed 7 February 2001)
R C Colley		M Johal	
C D Jones		G G Hepburn	
P Martin		M McGee	
Sir M A Pervez, OBE	(resigned 23 August 2000)	M Y Sheikh	(appointed 23 August 2000)
H Suterwalla		M Williams	
A H Salisbury	(resigned 7 February 2001)	A M Thewlis	
P Lowrie			

According to the register of directors' interests, P Martin, P Lowrie and G G Hepburn each have an interest in one ordinary share of the company.

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

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

Post Balance Sheet Event

At an extraordinary general meeting held on 24 May 2001 the company converted its authorised and issued share capital to non-voting ordinary shares of £1 each and increased its authorised share capital by £100 by the creation of 100 voting ordinary shares of £1 each. At the same meeting new Memorandum and Articles of Association were adopted as part of a programme of corporate governance improvement.

Auditors

In accordance with Section 384 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.

On behalf of the Board



A Thewlis
Secretary 18/7/01

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which will 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.



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Report of the auditors to the members of Landmark Cash & Carry Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 2001 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

23 July 2001

Profit and loss account
For the year ended 30 April 2001


	<i>Note</i>	2001 £	2000 £
Turnover – continuing activities	<i>1</i>	3,437,121	3,225,638
Administration expenses		(2,871,166)	(3,080,807)
Other operating income		43,574	34,134
<hr/>			
Operating profit		609,529	178,965
Interest receivable and similar income	<i>5</i>	308,324	162,211
Interest payable and similar charges	<i>6</i>	(141,604)	(92,212)
<hr/>			
Profit on ordinary activities before taxation	<i>2</i>	776,249	248,964
Tax on profit on ordinary activities	<i>7</i>	(250,000)	(87,482)
<hr/>			
Profit on ordinary activities after taxation		526,249	161,482
Dividends	<i>8</i>	(500,000)	(140,000)
<hr/>			
Retained profit for the financial year	<i>16</i>	26,249	21,482
<hr/>			

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

Balance sheet
at 30 April 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	9	499,648	301,299
Investments	10	171	171
		<u>499,819</u>	<u>301,470</u>
Current assets			
Debtors	11	1,774,702	7,032,608
Cash at bank and in hand		<u>10,649,755</u>	<u>8,460,522</u>
		12,424,457	15,493,130
Creditors: amounts falling due within one year	12	<u>(11,085,474)</u>	<u>(14,127,785)</u>
Net current assets		<u>1,338,983</u>	<u>1,365,345</u>
Total assets less current liabilities		<u>1,838,802</u>	<u>1,666,815</u>
Creditors: amounts falling due after more than one year	13	<u>(1,727,782)</u>	<u>(1,582,044)</u>
Provisions for liabilities and charges	14	-	-
Net assets		<u>111,020</u>	<u>84,771</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	<u>110,920</u>	<u>84,671</u>
Shareholders' funds equity	17	<u>111,020</u>	<u>84,771</u>

These financial statements were approved by the board of directors on 18 July 2001 and were signed on its behalf by:


18 July '01

S Parfett
Director

Cash flow statement
for the year ended 30 April 2001

	<i>Note</i>	2001 £	2000 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		609,529	178,965
Depreciation and amortization charges		204,575	317,757
(Profit)/Loss on sale of fixed assets		(6,452)	819
Decrease/(Increase) in debtors		5,257,906	(3,731,807)
(Decrease)/Increase in creditors		(3,481,247)	8,035,574
Net cash inflow from operating activities		2,584,311	4,801,308
Cash flow statement			
Cash flow from operating activities		2,584,311	4,801,308
Returns on investments and servicing of finance	18	296,797	142,332
Taxation		(99,000)	(45,966)
Capital expenditure and financial investment	18	(396,472)	(128,014)
Equity dividends paid		(140,000)	(145,684)
Cash inflow before management of liquid resources and financing		2,245,636	4,623,976
Management of liquid resources	18	(6,800,000)	-
Financing	18	(56,403)	(97,015)
(Decrease)/Increase in cash in the year		(4,610,767)	4,526,961
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		(4,610,767)	4,526,961
Cash flows arising from financing		56,403	97,015
Change in net funds resulting from cash flows		(4,554,364)	4,623,976
Movement in net funds in the year		(4,554,364)	4,623,976
Net funds at the start of the year		8,380,335	3,756,359
Net funds at the end of the year	19	3,825,971	8,380,335

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.

The company is exempt by virtue of S248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Fixed assets and depreciation

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

Motor vehicles	-	4 years
Fixtures and fittings	-	5 years
Computer equipment	-	3 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a group personal pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

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.

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits.

Turnover

Turnover, stated net of value added tax, consists of retentions on own brand sales and contributions from wholesalers towards advertising and overhead costs.

The company has acted as agent for the purchase of own label and some proprietary brands. The value of transactions carried out as agent amounted to £62,405,000 (2000: £73,307,000).

2 Profit on ordinary activities before taxation

	2001 £	2000 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration - audit	12,000	12,000
- other services	19,000	11,909
Depreciation and other amounts written off tangible fixed assets:		
Owned	171,689	268,288
Leased	32,886	49,469
Rentals payable under operating leases:		
Plant and machinery	22,396	170,220
Other assets	52,500	52,728
(Profit)/Loss on disposal of fixed assets	(6,452)	819

3 Remuneration of directors

	2001 £	2000 £
Directors' emoluments	389,435	366,659
Company contributions to money purchase pension schemes	36,010	34,333
	<u>425,445</u>	<u>400,992</u>

The aggregate of emoluments of the highest paid director was £123,856 (2000: £115,633), and company pension contributions totalling £12,480 (2000: £12,025) were made to a money purchase scheme on his behalf.

Notes (continued)

3 Remuneration of directors (continued)

	Number of directors	
	2001	2000
Retirement benefits are accruing to the following numbers of directors under:		
Money purchase schemes	<u>4</u>	<u>4</u>

4 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	
	2001	2000
Trading	9	9
Marketing	4	4
Administration	25	24
	<u>38</u>	<u>37</u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£	£
Wages and salaries	939,046	878,399
Social security costs	104,170	91,995
Other pension costs	81,970	75,153
	<u>1,125,186</u>	<u>1,045,547</u>

5 Interest receivable and similar income

	2001	2000
	£	£
Other	<u>308,324</u>	<u>162,211</u>

Notes *(continued)*

6 Interest payable and similar charges

	2001 £	2000 £
On bank loans and overdrafts	114	-
On all other loans	130,077	72,333
Finance charges payable in respect of finance leases and hire purchase contracts	11,413	19,879
	<u>141,604</u>	<u>92,212</u>

7 Taxation

	2001 £	2000 £
UK corporation tax at 27.7% (2000: 23.6%)	214,000	99,000
Deferred taxation	-	(4,349)
Adjustments in respect of prior years	36,000	(7,169)
	<u>250,000</u>	<u>87,482</u>

8 Dividends

	2001 £	2000 £
Final dividend proposed – equity shares	500,000	140,000

Notes (continued)

9 Tangible fixed assets

	Moto Vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At beginning of year	258,927	59,677	831,565	1,150,169
Additions	97,193	1,558	321,922	420,673
Disposals	(78,056)	-	-	(78,056)
At end of year	278,064	61,235	1,153,487	1,492,786
Depreciation				
At beginning of year	115,118	16,769	716,983	848,870
Charge for year	65,641	11,412	127,522	204,575
On disposals	(60,307)	-	-	(60,307)
At end of year	120,452	28,181	844,505	993,138
Net book value				
At 30 April 2001	157,612	33,054	308,982	499,648
At 30 April 2000	143,809	42,908	114,582	301,299

Included in the total net book value of motor vehicles is £26,244 (2000:£76,878) in respect of assets held under finance leases. Depreciation for the year on these assets was £32,886 (2000: £49,469).

10 Fixed asset investments

	Shares in group undertakings £	Participating interests £	Total £
Shares			
Cost			
At beginning and end of year	70	101	171

Notes (continued)

10 Fixed assets investments (continued)

The companies in which the company's interest at the year end is more than 20% are as follows:

	Principal activity	Class and percentage of shares held
Subsidiary undertakings		
Independent Food Services Limited	Possession of trade marks	100% ordinary shares
Participating interests		
Spar Landmark Services Limited	Administration services to Spar Landmark group of companies	50% deferred shares 50% ordinary shares
Group Trading Alliance Limited	Negotiation of overriding discounts and commissions for member companies	33 ¹ / ₃ % ordinary shares

The capital and reserves of Spar Landmark Services Limited at 30 April 2001 were £67,362 (2000: £67,362). The profit for the year was £Nil (2000: £Nil).

The capital and reserves of Group Trading Alliance Limited at 30 April 2001 were £3 (2000: £3). The profit for the year was £Nil (2000: £Nil).

11 Debtors

	2001 £	2000 £
Trade debtors	1,710,675	5,155,505
Amounts owed by undertakings in which the Company has a participating interest	-	398,138
Other taxation	35,401	1,260,370
Other debtors	-	142,276
Prepayments and accrued income	28,626	76,319
	1,774,702	7,032,608

Trade debtors represents gross debtors of £13,009,363 (2000: £18,348,673) less trade creditors of £11,362,596 (2000: £13,193,168). Trade debtors and trade creditors arising under the company's agency status have been netted off as they relate to the same transactions and the company has no contractual obligation to pay suppliers unless the debt has been recovered from members.

Notes (continued)

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts	23,784	49,892
Trade creditors	9,346,814	12,337,804
Amount owed to group undertakings	70	70
Amounts owed to undertakings in which the company has a participating interest	-	286,805
Corporation tax	250,000	99,000
Taxation and social security	36,022	26,495
Other creditors	92,942	534,744
Accruals and deferred income	835,842	652,975
Dividends proposed	500,000	140,000
	<u>11,085,474</u>	<u>14,127,785</u>

13 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts	-	30,295
Other creditors	1,727,782	1,551,749
	<u>1,727,782</u>	<u>1,582,044</u>

Notes *(continued)*

13 Creditors: amounts falling due after more than one year *(continued)*

Amounts repayable in more than five years:

	2001 £	2000 £
Other creditors	<u>1,727,782</u>	<u>1,551,749</u>

These amounts represent a confectionery bond held on behalf of members. An agreed levy is retained from members on all confectionery supplier throughput, which is accumulated to act as a bond for use in the unlikely event of a member being placed in administrative receivership. If this were to happen the bond would be applied to the member's outstanding confectionery debt. The bond is treated as a creditor due for repayment in five years or more.

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

	2001 £	2000 £
Within one year	23,784	49,892
In the second to fifth years	-	30,295
	<u>23,784</u>	<u>80,187</u>

14 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	-
Credit for the year	-
At end of year	<u>-</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001 Provided £	Unprovided £	2000 Provided £	Unprovided £
Differences between accumulated depreciation and amortisation and capital allowances	-	(25,000)	-	(29,000)
Other timing differences	-	-	-	(2,000)
	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(31,000)</u>

Notes (continued)

15 Called up share capital

	2001 £	2000 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

As noted in the Directors' report the authorised and issued share capital of the company was converted to non-voting shares of £1 each, and the authorised share capital was increased by £100 by the creation of 100 voting ordinary shares of £1 each at an extraordinary general meeting held on 24 May 2001.

16 Profit and loss account

	£
At beginning of year	84,671
Retained profit for the year	26,249
At end of year	110,920

17 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	526,249	161,482
Dividends	(500,000)	(140,000)
Net addition to shareholders' funds	26,249	21,482
Opening shareholders' funds	84,771	63,289
Closing shareholders' funds	111,020	84,771

18 Analysis of cash flows

	2001 £	2001 £	2000 £	2000 £
Returns on investment and servicing of finance				
Interest received	308,324		162,211	
Interest paid	(114)		-	
Interest element of finance lease rental payments	(11,413)		(19,879)	
		296,797		142,332
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(420,673)		(149,289)	
Sale of tangible fixed assets	24,201		21,275	
		(396,472)		(128,014)

Notes *(continued)*

18 Analysis of cash flows *(continued)*

	2001 £	2000 £
Management of liquid resources		
Placing of money market deposits	<u>(6,800,000)</u>	<u>-</u>
Financing		
Capital element of finance lease rental payments	<u>(56,403)</u>	<u>(97,015)</u>

19 Analysis of net funds

	At beginning of year £	Cash flow £	At end of year £
Cash at bank and in hand	8,460,522	(4,610,767)	3,849,755
Finance leases	(80,187)	56,403	(23,784)
Total	<u>8,380,335</u>	<u>(4,554,364)</u>	<u>3,825,971</u>

20 Commitments

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

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	14,871
In the second to fifth years inclusive	-	5,873	-	5,873
Over five years	52,500	-	52,500	-
	<u>52,500</u>	<u>5,873</u>	<u>52,500</u>	<u>20,744</u>

21 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £81,970 (2000: £75,153).

There were outstanding contributions at the end of the financial year of £Nil (2000: £8,500).

22 Related party disclosures

The company is owned by thirty one wholesalers. During the year, all the trading activities of the company were made on behalf of these wholesalers. The directors do not feel it is necessary to disclose the individual trading activity with each wholesale member, as this is the purpose for which the company exists and no one member has significant control over the company.