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HURNS MINERAL WATER COMPANY LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

ALSO NOTICE CONVENING THE 1996 ANNUAL GENERAL MEETING



HURNS MINERAL WATER COMPANY LIMITED

DIRECTORS

Mrs. N.H. Parry (Chairman)
Mrs. C.M.P. Morrison
Mr. P.J.I. Parry

SECRETARY

Mr. P.J.I. Parry

REGISTERED OFFICE

The Kingsway
Fforestfach Industrial Estate
Swansea SA5 4DL

COMPANY NUMBER

0 8 7 7 3 6 1

DATE OF INCORPORATION

21st April 1966

AUDITORS

H.R. Harris and Partners
Chartered Accountants
145/146, St. Helens Road
Swansea SA1 4DE

BANKERS

Lloyds Bank Plc
Black Horse House
Phoenix Way
Swansea Enterprise Park
Swansea SA7 9EQ

HURNS MINERAL WATER COMPANY LIMITED

Notice is given that the Annual General Meeting of the Company will be held at the Registered Office of the Company on 20th December 1996, at 11.00 a.m., for the following purposes:

To: Receive and adopt the Directors' Report and Financial Statements for the Year Ended 31st March 1996 together with the Report of the Auditors.

To: Approve Directors' Emoluments.

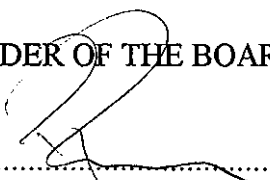
To: Re-Elect as Director:

Mrs. C.M.P. Morrison

To: Re-appoint H.R. Harris and Partners as Auditors and to authorise the Directors to fix their remuneration for the ensuing year.

A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a member of the Company.

BY ORDER OF THE BOARD:


.....
Secretary - Mr. P.J.I. Parry:
5th November 1996

HURNS MINERAL WATER COMPANY LIMITED

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DIRECTORS REPORT

ACCOUNTS

The Directors present their Report and Financial Statements for the year ended 31st March 1996.

ACTIVITIES

The Principal Activity of the Company is that of Suppliers to its Related Beer Companies.

DIVIDENDS

The Directors do not recommend the payment of a Dividend for the year ended 31st March 1996.

FIXED ASSETS

In the opinion of the Directors, the Market Value of interests in Land and Buildings held as Fixed Assets at the Balance Sheet date, does not differ materially from the Book Value indicated in the Accounts.

DONATIONS

Political Contributions and Charitable Donations did not exceed £200 during the year.

TAX STATUS

The Company is a Close Company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the Financial Year.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interest in the Shares of the Company are as follows:-

	<u>Ordinary Shares</u>	
	<u>1996</u>	<u>1995</u>
Mrs. N.H. Parry	1	1
Mrs. C.M.P. Morrison	1	1
Mr. P.J.I. Parry	1	1

Mrs. C.M.P. Morrison retires by rotation at the Annual General Meeting and offers herself for re-election.

AUDITORS

H.R. Harris and Partners offer themselves for re-appointment in accordance with Section 384(1) Companies Act 1985.

BY ORDER OF THE BOARD

.....
Mr. P.J.I. Parry - Secretary
5th November 1996.

HURNS MINERAL WATER COMPANY LIMITED

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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 of the Company for the year. In preparing those Financial Statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. 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 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF

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HURNS MINERAL WATER COMPANY LIMITED

We have audited the Financial Statements on pages 4 to 6 which have been prepared under the Historical Cost Convention and the accounting policies set out on pages 7 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

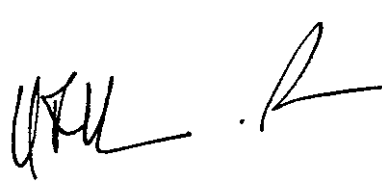
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements 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 mis-statement, 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

The basis of Depreciation of certain Fixed Assets is not in accordance with Statement of Standard Accounting Practice 12. Depreciation is calculated on the basis indicated by Note 13 to the Accounts.

Except for the failure to account for depreciation referred to above as required by SSAP 12, in our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31st March 1996 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



H.R. HARRIS & PARTNERS
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
145/146 ST. HELENS ROAD
SWANSEA SA1 4DE

5th November 1996

HURNS MINERAL WATER COMPANY LIMITED

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PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST MARCH 1996**

	Notes	<u>1996</u> £	<u>1995</u> £
Turnover	7	8817318	7781501
Cost of Sales	1	-8507313	-7531556
<u>GROSS PROFIT</u>		<u>310005</u>	<u>249945</u>
Establishment Overheads	2	-44806	-65691
Administrative Overheads	3	-181307	-337673
Financial Overheads	4	-49616	-22811
Depreciation Provisions	5	-105446	-84533
Sundry Income	6	89027	287302
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>17857</u>	<u>26539</u>
Tax on Profit on Ordinary Activities	22	-6955	-8032
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>	11	<u>10902</u>	<u>18507</u>

The Profit and Loss Account contains all the gains and losses of the Company recognised in the above two financial years.

None of the Company's activities were acquired or discontinued during the above two financial years.

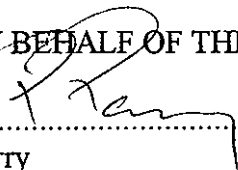
HURNS MINERAL WATER COMPANY LIMITED

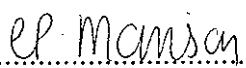
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BALANCE SHEET**AS AT 31ST MARCH 1996**

		<u>1996</u>	<u>1995</u>
<u>FIXED ASSETS</u>	<u>Notes</u>	<u>£</u>	<u>£</u>
Tangible Assets	13	419495	450527
Investments		20835	23735
		<u>440330</u>	<u>474262</u>
<u>CURRENT ASSETS</u>			
Stocks	14	8000	2000
Debtors	15	1836897	1577594
Cash at Bank and In Hand		-	-
		<u>1844897</u>	<u>1579594</u>
<u>CURRENT LIABILITIES</u>			
Creditors (Amounts due within one year)	16	-1763738	-1524741
<u>NET CURRENT ASSETS</u>		<u>81159</u>	<u>54853</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>521489</u>	<u>529115</u>
Creditors (Amounts due after one year)	17	-87650	-104230
Provisions for liabilities and charges	12	-7174	-9122
<u>NET ASSETS</u>		<u>426665</u>	<u>415763</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	18	5	5
Profit and Loss Account	11	426660	415758
		<u>426665</u>	<u>415763</u>

SIGNED ON BEHALF OF THE BOARD:

..........Director
Mr. P.J.I. Parry

..........Director
Mrs. C.M.P. Morrison

The Notes on pages 7 to 12 form part of the Financial Statements..

HURNS MINERAL WATER COMPANY LIMITED

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CASHFLOW STATEMENT**FOR THE YEAR ENDED 31ST MARCH 1996**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Net Cashflow from Operating Activities (Note 21)	-77834	-357904
Taxation Paid	-8032	-10123
NET REVENUE CASH (OUTFLOW)	<u>-85866</u>	<u>-368027</u>
INVESTING ACTIVITIES		
Purchase of Tangible Fixed Assets	-234440	-167039
Sale of Tangible Fixed Assets	166676	35650
Purchase of Investments	-4000	-
Sale of Investments	250	-
NET CASH (OUTFLOW)	<u>-157380</u>	<u>-499416</u>
FINANCED BY:		
Movement in Cash Funds	<u>-157380</u>	<u>-499416</u>

HURNS MINERAL WATER COMPANY LIMITED

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NOTES TO THE ACCOUNTS

	<u>1996</u>	<u>1995</u>
	£	£
1. COST OF SALES		
Opening Stock	2000	365869
Purchases	8513313	7167687
Closing Stock	-8000	-2000
	<u>8507313</u>	<u>7531556</u>
2. ESTABLISHMENT OVERHEADS		
Rent and Rates	1090	12556
Heat and Light	-	2432
Repairs and maintenance	4466	10518
Insurance	39250	40185
	<u>44806</u>	<u>65691</u>
3. ADMINISTRATIVE OVERHEADS		
Directors Pension	15407	13681
Wages, Salaries and NIC	98211	108194
Postage, Stationery and Advertising	15092	23408
Motor and Travelling Expenses	19175	88621
Telephone	3376	13501
Legal and Professional	5407	9231
Bad Debts	2496	55269
Audit and Accountancy Fees	11020	4000
Equipment Rental	4381	8626
Sundry Expenditure	6742	13142
	<u>181307</u>	<u>337673</u>
4. FINANCIAL OVERHEADS		
Bank Charges and Interest	24509	9941
Hire Purchase Interest	25107	12870
	<u>49616</u>	<u>22811</u>
5. DEPRECIATION PROVISIONS		
Fixtures and Fittings	9564	11955
Commercial Vehicles	61987	51800
Directors Vehicles	9945	15518
Loss on Disposal of Vehicles	17300	5260
Loss on Disposal of Investment	6650	-
	<u>105446</u>	<u>84533</u>

HURNS MINERAL WATER COMPANY LIMITED

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NOTES TO THE ACCOUNTS

(CONTINUED)

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>6. SUNDRY INCOME</u>		
Interest Received	27	1402
Management Fee	89000	285900
	<u>89027</u>	<u>287302</u>

7. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided stated net of Value Added Tax.

8. HIRE PURCHASE AND INSTALMENT TRANSACTIONS

These are included in the Balance Sheet at the net amount due after deducting proportional charges not yet due. Interest is charged against income equally over the term of the agreement.

9. LEASING AND RENTAL TRANSACTIONS

These are charges against income as paid or accrued.

<u>10. PROFIT ON ORDINARY ACTIVITIES</u>	<u>1996</u>	<u>1995</u>
<u>BEFORE TAXATION</u>		

After Charging:-

Auditors Remuneration	4000	4000
Depreciation Provisions	105446	84533
Directors' Emoluments (Note 19)	67600	67600

11. RESERVES

	<u>Profit and Loss Account</u>
At 1st April 1995	415758
Profit for the year	10902
At 31st March 1996	<u>426660</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u>
At 1st April 1995	9122
Transfer - Profit and Loss Account	-1948
At 31st March 1996	<u>7174</u>

NOTES TO THE ACCOUNTS**(CONTINUED)**

13. TANGIBLE FIXED ASSETS	Freehold Land and Buildings	Plant, Fixtures and Fittings	Commercial Vehicles
COST			
At 1st April 1995	113571	144669	381901
Additions	-	-	74290
Disposals	-	-	-87782
At 31st March 1996	113571	144669	368409
PROVISIONS FOR DEPRECIATION			
At 1st April 1995	5063	96851	134255
Provision for the year	-	9564	61987
Disposals	-	-	-34361
At 31st March 1996	5063	106415	161881
NET BOOK VALUE			
At 31st March 1996	108508	38254	206528
At 31st March 1995	108508	47818	247646
COST	Directors Vehicles	Total	
At 1st April 1995	65500	705641	
Additions	160150	234440	
Disposals	-149500	-237282	
At 31st March 1996	76150	702799	
PROVISIONS FOR DEPRECIATION			
At 1st April 1995	18945	255114	
Provision for the year	9945	81496	
Disposals	-18945	-53306	
At 31st March 1996	9945	283304	
NET BOOK VALUE			
At 31st March 1996	66205	419495	
At 31st March 1995	46555	450527	

The Depreciation Provisions have been provided on all Fixed Assets at rates calculated to write off the cost or, if applicable, the valuation of each asset over its expected useful life as follows:-

Freehold Land and Buildings - Nil

Motor Vehicles - At 25% of Written Down Value

Fixtures and Fittings - At 20% of Written Down Value

HURNS MINERAL WATER COMPANY LIMITED

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NOTES TO THE ACCOUNTS

(CONTINUED)

	<u>1996</u>	<u>1995</u>
<u>14. STOCKS</u>	<u>£</u>	<u>£</u>
Finished Goods	8000	2000

Stocks are stated at the lower of cost and net realisable value.

15. DEBTORS

Trade Debtors	1399959	1101093
Prepayments and Accrued Income	15361	33612
Amounts owed by Related Companies	277452	242909
Other Debtors	144057	195102
Directors' Current Account	68	4878
	<u>1836897</u>	<u>1577594</u>

Trade Debtors includes an amount of £1271325 (1995:£961354) owed by Related Companies in respect of goods supplied in the normal course of business.

16. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

Trade Creditors	788840	808229
Other Creditors and Accruals	117486	128717
Other Taxes and Social Security	137397	14214
Hire Purchase Agreements	81837	93654
Corporation Tax	15737	14866
Bank Overdraft (Note 20)	622441	465061
	<u>1763738</u>	<u>1524741</u>

17. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)

Hire Purchase Agreements	87650	104230
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HURNS MINERAL WATER COMPANY LIMITED

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NOTES TO THE ACCOUNTS

(CONTINUED)

	<u>1996</u>	<u>1995</u>
<u>18. CALLED UP SHARE CAPITAL</u>	<u>£</u>	<u>£</u>
Allotted and Fully Paid:		
5 Ordinary Shares of £1 Each	5	5
	<hr/>	<hr/>
Authorised Share Capital:		
10000 Ordinary Shares of £1 Each	10000	10000
	<hr/>	<hr/>
<u>19. DIRECTORS' EMOLUMENTS</u>		
Salaries	67600	67600
The Salaries can be annotated as follows:-		
Chairman	13000	13000
Highest Paid Director	27300	27300
Other Directors' Salaries fall within the following Bands:-	<u>Number</u>	<u>Number</u>
£25001 - £30000	1	1

20. BANK OVERDRAFT

The Bank Overdraft is Secured on:-

- (a) Debenture dated 19th June 1996.
- (b) Unlimited Company Cross Guarantee with Hurns Beer Co. (Swansea) Limited, Hurns Beer Co. (Bridgend) Limited, Hurns Beer Co. (Newport) Limited and Hurns Beer Co. (Merthyr) Limited.

21. CASHFLOW STATEMENT

Reconciliation of trading profit to net cash outflow from operating activities:-

Operating Profit	17857	26539
Depreciation	81496	79273
Loss on Sale of Tangible Fixed Assets	17300	5260
Loss on Sale of Investment	6650	-
(Increase)/Decrease in Stock	-6000	363869
(Increase) in Debtors	-259303	-786886
Increase/(Decrease) in Creditors	64166	-45959
	<hr/>	<hr/>
	-77834	-357904
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS(CONTINUED)22. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Corporation Tax payable at 25%	8903	8032
Deferred Tax (Note 12)	-1948	-
	<u>6955</u>	<u>8032</u>

OTHER RELEVANT INFORMATIONAPPROVAL OF ACCOUNTS

These Accounts were approved at a Directors' Meeting held on the 5th November 1996.

PARTICULARS OF EMPLOYEES

The average number of persons employed by the Company during the year, inclusive of Directors was:-

Category

Office and Management	3	3
Sales Distribution	2	2
	<u>5</u>	<u>5</u>

The Total Remuneration was:

Wages and Salaries	30611	40594
Pensions	15407	13681
Directors' Emoluments	67600	67600
	<u>113618</u>	<u>121875</u>

ACCOUNTING POLICIESDeferred Taxation

Deferred Taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.