

John Sinclair (Sheffield) Limited

Registration Number 885485

266 Glossop Road

Sheffield

S10 2HS



Abbreviated Accounts

for the year ended 31 March 1998

 **Warneford Gibbs**

Chartered Certified Accountants  
Registered Auditors & Business Advisors

Hutton's Buildings, 146 West Street, Sheffield S1 4ES.

Also at: College House, 17 King Edwards Road, Ruislip, Middlesex HA4 7AE.



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# **John Sinclair (Sheffield) Limited**

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**Auditors' Report to John Sinclair (Sheffield) Limited  
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 3 to 14 together with the financial statements of John Sinclair (Sheffield) Limited for the year ended 31 March 1998, prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 March 1998, and the abbreviated accounts on pages 3 to 14 are properly prepared in accordance with that provision.

**Other information**

On 29 March 1999 we reported as auditors of John Sinclair (Sheffield) Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 March 1998 and our audit report was as follows:

*'We have audited the financial statements on pages 4 to 15 which have been prepared under the historic cost convention and the accounting policies set out on page 7.*

**Respective responsibilities of directors and auditors**

As described on page 1 (see continuation page) 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 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.

**Auditors' Report to John Sinclair (Sheffield) Limited  
under Section 247B of the Companies Act 1985**

**Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of a dispute with the Inland Revenue. The future settlement of this dispute could result in additional liabilities which at this moment cannot be accurately quantified.

These financial statements incorporate a provision of £450,000 and since the year end a payment of this amount has been made, without prejudice, to the Collector of Taxes.

Our opinion is not qualified in this respect.

**Opinion**

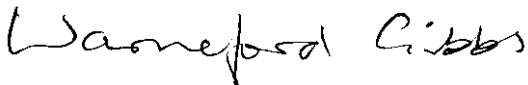
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

**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 the company and of the profit or loss of the company for that year. In preparing these the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements based 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.



**Warneford Gibbs**

Chartered Certified Accountants and  
Registered Auditors

Hutton's Buildings  
146 West Street  
Sheffield  
S1 4ES

**29 March 1999**

**John Sinclair (Sheffield) Limited**

**Abbreviated Profit and Loss Account  
for the year ended 31 March 1998**

		Continuing operations	
		1998	1997
	Notes	£	£
<b>Gross profit</b>		2,403,717	2,860,167
Administrative expenses		(2,414,633)	(2,180,356)
<b>Operating (loss)/profit</b>	<b>2</b>	<u>(10,916)</u>	<u>679,811</u>
Interest receivable and similar income	3	194	136
Interest payable and similar charges	4	(4,318)	(16,396)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(15,040)</u>	<u>663,551</u>
Tax on (loss)/profit on ordinary activities	7	(448,177)	(215,771)
<b>(Loss)/profit on ordinary activities after taxation</b>		(463,217)	447,780
Dividends	8	-	(40,000)
<b>(Loss)/retained profit for the year</b>		<u>(463,217)</u>	<u>407,780</u>
Retained profit brought forward		1,723,351	1,315,571
<b>Retained profit carried forward</b>		<u><u>1,260,134</u></u>	<u><u>1,723,351</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 14 form an integral part of these financial statements.

**John Sinclair (Sheffield) Limited**

**Balance Sheet  
as at 31 March 1998**

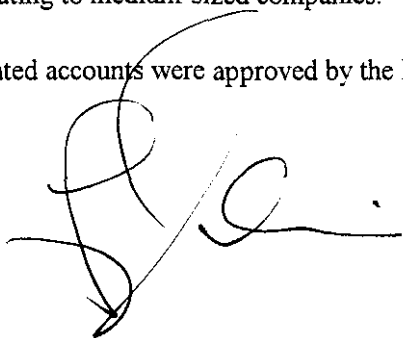
	Notes	1998		1997	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	10		1,210,119		1,249,328
<b>Current Assets</b>					
Stocks	11	1,641,727		1,957,380	
Debtors	12	1,481,035		1,727,068	
Cash at bank and in hand		13,441		6,797	
		<u>3,136,203</u>		<u>3,691,245</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,756,336)</u>		<u>(2,897,222)</u>	
<b>Net Current Assets</b>			<u>379,867</u>		<u>794,023</u>
<b>Total Assets Less Current Liabilities</b>			<u>1,589,986</u>		<u>2,043,351</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(9,852)</u>		<u>-</u>
<b>Net Assets</b>			<u><u>1,580,134</u></u>		<u><u>2,043,351</u></u>
<b>Capital and Reserves</b>					
Called up share capital	15		320,000		320,000
Profit and loss account			1,260,134		1,723,351
<b>Equity Shareholders' Funds</b>	16		<u><u>1,580,134</u></u>		<u><u>2,043,351</u></u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 29 March 1999 and signed on its behalf by

**F J Sinclair**

**Director**



The notes on pages 6 to 14 form an integral part of these financial statements.

**John Sinclair (Sheffield) Limited**

**Cash Flow Statement  
for the year ended 31 March 1998**

	Notes	1998 £	1997 £
<b>Reconciliation of operating (loss)/profit to net cash inflow from operating activities</b>			
Operating (loss)/profit		(10,916)	679,811
Depreciation		169,364	205,492
Decrease in stocks		315,653	115,419
Decrease in debtors		247,856	(315,836)
Increase in creditors		2,045	456,813
<b>Net cash inflow from operating activities</b>		<u>724,002</u>	<u>1,141,699</u>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities		724,002	1,141,699
Returns on investments and servicing of finance	20	(4,124)	(16,260)
Taxation	20	(205,947)	(254,422)
Capital expenditure	20	(98,489)	(538,608)
		<u>415,442</u>	<u>332,409</u>
Equity dividends paid		-	(40,000)
		<u>415,442</u>	<u>292,409</u>
Financing	20	(11,963)	-
<b>Increase in cash in the year</b>		<u>403,479</u>	<u>292,409</u>

**Reconciliation of net cash flow to movement in net funds (Note 21)**

<b>Increase in cash in the year</b>	403,479	292,409
Cash outflow from increase in debts and lease financing	11,963	-
	<u>415,442</u>	<u>292,409</u>
Change in net funds resulting from cash flows	415,442	292,409
New finance leases	(31,666)	-
	<u>383,776</u>	<u>292,409</u>
<b>Movement in net funds in the year</b>	383,776	292,409
<b>Net debt at 1 April 1997</b>	(622,376)	(914,785)
<b>Net debt at 31 March 1998</b>	<u>(238,600)</u>	<u>(622,376)</u>



**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**1. Accounting Policies**

**1.1 Accounting convention**

The accounts are prepared under the historical cost convention.

**1.2 Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales during the year.

**1.3 Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight Line over the life of the lease
Plant and equipment	-	20% Straight line
Fixtures, fittings and equipment	-	10% Straight line
Motor vehicles	-	25% Straight line

No depreciation is provided on freehold buildings as it is the company's policy to maintain these so as to extend their useful lives.

**1.4 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

*Rentals payable under operating leases are charged against income on a straight line basis over the lease term.*

**1.5 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.6 Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year in accordance with SSAP 24.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employee's service lives on the basis of a constant percentage of earnings.

**1.7 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**1.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

<b>2. Operating (loss)/profit</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	171,914	152,505
Operating lease rentals		
- Land and buildings	215,692	162,572
Auditors' remuneration	11,000	8,800
	<hr/>	<hr/>
and after crediting:		
Profit/(Loss) on disposal of tangible fixed assets	2,550	(52,987)
Profit on foreign currencies	15,486	41,528
	<hr/>	<hr/>
<b>3. Interest receivable and similar income</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Bank interest	194	136
	<hr/>	<hr/>
<b>4. Interest payable and similar charges</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	2,206	16,396
Lease finance charges and hire purchase interest	2,112	-
	<hr/>	<hr/>

**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**5. Employees**

**Number of employees**

The average monthly numbers of employees  
(including the directors) during the year were:

	1998	1997
Office and management	4	4
Retail staff	148	143
	<u>152</u>	<u>147</u>

**Employment costs**

	1998	1997
	£	£
Wages and salaries	1,299,024	1,092,352
Other pension costs	2,000	3,000
	<u>1,301,024</u>	<u>1,095,352</u>

**5.1 Directors' emoluments**

	1998	1997
	£	£
Remuneration and other emoluments	210,253	89,795
Pension contributions	2,000	2,000
	<u>212,253</u>	<u>91,795</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1

**Highest Paid Director**

Amounts included above:

	£	£
Emoluments and other benefits	<u>109,399</u>	<u>28,702</u>

**6. Pension costs**

The company pays contributions into the pension scheme of certain employees. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions payable by the company amounted to £2,000 (1997 - £3,000). All contributions were paid in the year.

**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

<b>7. Taxation</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK Corporation Tax at 21% (1997 - 33%)	(1,823)	215,947
<b>Prior years</b>		
UK Corporation Tax	450,000	(176)
	<u>448,177</u>	<u>215,771</u>
<b>8. Dividends</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Dividends on equity shares:</b>		
Ordinary shares - Interim paid	-	40,000
	<u>-</u>	<u>40,000</u>
<b>9. Intangible fixed assets</b>		
		<b>Goodwill</b>
		<b>£</b>
<b>Cost</b>		
At 1 April 1997		
At 31 March 1998		<u>10,231</u>
<b>Provision for diminution in value</b>		
At 1 April 1997		
At 31 March 1998		<u>10,231</u>

Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998

10. Tangible fixed assets

	Land and buildings freehold	Long leasehold property	Plant and equipment	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 1997	482,109	234,024	313,590	1,272,858	116,081	2,418,662
Additions	10,000	33,886	37,591	37,628	17,550	136,655
Disposals	-	-	(6,137)	-	(9,865)	(16,002)
At 31 March 1998	492,109	267,910	345,044	1,310,486	123,766	2,539,315
<b>Depreciation</b>						
At 1 April 1997	-	163,285	187,768	761,796	56,485	1,169,334
On disposals	-	-	(4,654)	-	(7,398)	(12,052)
Charge for the year	-	32,505	45,640	68,956	24,813	171,914
At 31 March 1998	-	195,790	228,754	830,752	73,900	1,329,196
<b>Net book values</b>						
At 31 March 1998	492,109	72,120	116,290	479,734	49,866	1,210,119
At 31 March 1997	482,109	70,739	125,822	511,062	59,596	1,249,328

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

Asset description	1998		1997	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	20,912	5,228	-	-

11. Stocks

	1998 £	1997 £
Finished goods and goods for resale	1,641,727	1,957,380

**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**12. Debtors**

	1998 £	1997 £
Trade debtors	1,376,409	1,629,108
Other debtors	15,446	10,483
Prepayments and accrued income	89,180	87,477
	<u>1,481,035</u>	<u>1,727,068</u>

**13. Creditors: amounts falling due within one year**

	1998 £	1997 £
Bank overdraft	232,338	629,173
Net obligations under finance leases and hire purchase contracts	9,851	-
Trade creditors	1,726,553	1,590,346
Corporation tax	450,000	205,947
Other taxes and social security costs	112,160	301,310
Directors' accounts	103,948	13,357
Other creditors	7,101	1,000
Accruals and deferred income	114,385	156,089
	<u>2,756,336</u>	<u>2,897,222</u>

The bank overdraft is secured on freehold land and buildings.

**14. Creditors: amounts falling due after more than one year**

	1998 £	1997 £
Net obligations under finance leases and hire purchase contracts	9,852	-

**15. Share capital**

	1998 £	1997 £
<b>Authorised equity</b>		
320,000 Ordinary shares of £1 each	320,000	320,000
<b>Allotted, called up and fully paid equity</b>		
320,000 Ordinary shares of £1 each	320,000	320,000

**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**16. Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
(Loss)/profit for the year	(463,217)	447,780
Dividends	-	(40,000)
	<u>(463,217)</u>	<u>407,780</u>
Opening shareholders' funds	2,043,351	1,635,571
	<u>1,580,134</u>	<u>2,043,351</u>

**17. Financial commitments**

At 31 March 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1998 £	1997 £
<b>Expiry date:</b>		
Between one and five years	-	5,000
In over five years	256,390	256,390
	<u>256,390</u>	<u>261,390</u>

In addition to the above rental payments there exists a liability to pay additional rent amounting to a fixed percentage of turnover but this cannot be quantified at 31 March 1998.

**18. Capital commitments**

	1998 £	1997 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	-	6,385
	<u>-</u>	<u>6,385</u>

Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998

19. Contingent liabilities

The company is in dispute with the Inland Revenue over the taxability of certain profits. The future settlement of this dispute could result in additional liabilities which cannot be accurately quantified at this juncture. A provision of £450,000 has been incorporated in these accounts and this sum has been paid, without prejudice, to the Inland Revenue since the year end.

The bank has granted an Indemnity in favour of H M Customs and Excise to the value of £2,000.

20. Gross Cash Flows

	1998 £	1997 £
<b>Returns on investments and servicing of finance</b>		
Interest received	194	136
Interest paid	(2,206)	(16,396)
Interest element of finance lease rental payments	(2,112)	-
	<u>(4,124)</u>	<u>(16,260)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(205,947)</u>	<u>(254,422)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(104,989)	(770,255)
Receipts from sales of tangible assets	6,500	231,647
	<u>(98,489)</u>	<u>(538,608)</u>
<b>Financing</b>		
Capital element of finance lease contracts	<u>(11,963)</u>	<u>-</u>

21. Analysis of changes in net debt

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	6,797	6,644		13,441
Overdrafts	(629,173)	396,835		(232,338)
	<u>(622,376)</u>	<u>403,479</u>		<u>(218,897)</u>
Finance leases	-	11,963	(31,666)	(19,703)
<b>Net debt</b>	<u>(622,376)</u>	<u>415,442</u>	<u>(31,666)</u>	<u>(238,600)</u>



**John Sinclair (Sheffield) Limited**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 March 1998**

**22. Transactions with directors**

Mr F J Sinclair has an interest in another party which trades with the company. All transactions are at arm's length.

**23. Related party transactions**

During the course of the year the company occupied premises owned by pension funds in which the directors are members. Rental payments in the year amounted to £129,574.

Also, turnover includes £7,556,284 in respect of sales to a company in which F J Sinclair is the only shareholder. At the year end trade debtors includes £926,834 in respect of these sales.