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**DOVER SHIPS STORES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**31 JANUARY 1997**

**Registered Number : 1433354**

**MORGAN BROWN & SPOFFORTH**  
*Chartered Accountants*

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**DOVER SHIPS STORES LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31 JANUARY 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J D Burden (Chairman)  
J E Payne (Managing Director)  
R Snelling  
T Hussey

**SECRETARY**

R Snelling

**REGISTERED OFFICE**

Unit 4, Coombe Valley Industrial Estate  
Holmestone Road  
Dover  
Kent  
CT17 0UF

**AUDITORS**

Morgan Brown & Spofforth  
Chartered Accountants  
82 St John Street  
London EC1M 4JN

**BANKERS**

National Westminster Bank plc  
Buckland, Dover Branch  
124 High Street  
Dover  
Kent  
CT16 1EQ

TSB Commercial Finance Limited  
Boston House  
The Little Green  
Richmond  
Surrey  
TW9 1QE

**SOLICITORS**

Hamlin Slowe  
P O Box 4SQ  
Roxeburgh House  
273-287 Regent Street  
London W1A 4SQ

**DOVER SHIPS STORES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 1997**

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**DOVER SHIPS STORES LIMITED****DIRECTORS' REPORT**

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The directors present their report and the financial statements for the year ended 31 January 1997.

**Principal Activity**

The company's principal activities during the year continued to be that of ship chandlers and wholesalers of foodstuffs.

Though turnover continued to increase, pressure on margins have led to a fall in net income. Markets are now improving and it is anticipated that profitability will be maintained in the current year.

The directors consider the present position to be satisfactory

**Results and Dividends**

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

**Fixed Assets**

The significant changes in fixed assets during the year are explained in note 7 to the financial statements.

**Directors and Directors' Interests**

The directors who held office during the year together with their beneficial interests in the issued share capital of the company were as follows:

	1997	1996
J D Burden	-	-
J E Payne	-	2,500
R Snelling	-	1,250

The beneficial interests of the directors in the issued share capital of the parent company were as follows:

		Number of Shares	
		1997	1996
J D Burden	Beneficial	114,015	4,700
	Non-beneficial	-	4,000
J E Payne		17,182	-
R Snelling		8,785	-

T Hussey was appointed to the board on 14 March 1997.

## DOVER SHIPS STORES LIMITED

### DIRECTORS' REPORT

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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 or loss of the company for that period. In preparing those financial statements, the directors are required to:

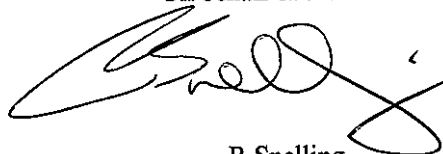
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985, as amended. 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

The auditors, Morgan Brown & Spofforth, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board



R Snelling  
Secretary

Date: 24 June 1997

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DOVER SHIPS STORES LIMITED**

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We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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.

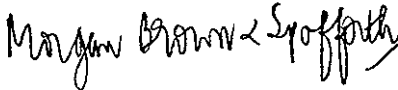
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1997 and of its profit for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985.

82 St John Street  
London  
EC1M 4JN

Date: 11 September 1997

  
MORGAN BROWN & SPOFFORTH  
Chartered Accountants  
Registered Auditor

**DOVER SHIPS STORES LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JANUARY 1997**

		1997	1996
	Notes	£	£
Turnover	2	15,411,469	14,212,958
Cost of sales		(12,800,189)	(11,534,521)
Gross profit		2,611,280	2,678,437
Distribution costs		(1,733,235)	(1,584,505)
Administrative expenses		(720,386)	(892,250)
Operating profit	3	157,659	201,682
Other interest receivable and similar income	4	4,076	4,407
Interest payable and similar charges	5	(70,950)	(75,370)
Profit on ordinary activities before taxation		90,785	130,719
Tax on profit on ordinary activities	6	(31,325)	(41,784)
Retained profit for the financial year	16	<u>£59,460</u>	<u>£88,935</u>

**Continuing Operations**

The turnover and operating profit derive from continuing operations.

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

**Total Recognised Gains and Losses**

The company has no recognised gains or losses other than the profits stated above.

**Historical Cost Equivalents**

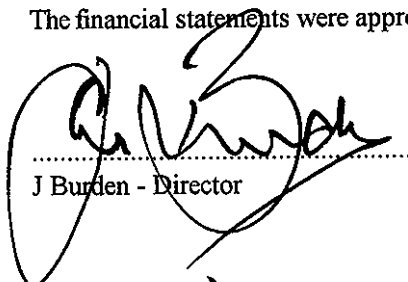
There is no difference between the profit reported above and the equivalent profit calculated on an unmodified historical cost basis.

The notes on pages 7 to 14 form part of these financial statements.

**DOVER SHIPS STORES LIMITED****BALANCE SHEET****AS AT 31 JANUARY 1997**

		<b>1997</b>		<b>1996</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed Assets</b>					
Tangible assets	7		517,647		557,221
<b>Current Assets</b>					
Stocks	8	543,194		508,416	
Debtors	9	1,639,395		1,578,621	
Cash at bank and in hand		<u>340,295</u>		<u>139,530</u>	
		2,522,884		2,226,567	
Creditors: amounts falling due within one year	10	<u>(2,314,378)</u>		<u>(2,077,763)</u>	
<b>Net Current Assets</b>			<u>208,506</u>		<u>148,804</u>
<b>Total Assets less Current Liabilities</b>			726,153		706,025
Creditors: amounts falling due after more than one year	11		(92,628)		(120,385)
Provision for Liabilities and Charges	12		<u>(41,078)</u>		<u>(52,653)</u>
			<u>£592,447</u>		<u>£532,987</u>
<b>Capital and Reserves</b>					
Called up share capital	13		25,000		25,000
Profit and loss account	14		<u>567,447</u>		<u>507,987</u>
<b>Shareholders' Funds (equity interests only)</b>	15		<u>£592,447</u>		<u>£532,987</u>

The financial statements were approved by the board of directors on the date shown below and were signed on its behalf by:

  
 J Burden - Director

Date: 24 June 1997

The notes on pages 7 to 14 form part of these financial statements.



**DOVER SHIPS STORES LIMITED****CASH FLOW STATEMENT****AS AT 31 JANUARY 1997**

		1997		1996	
	Notes	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	23		565,736		135,197
<b>Returns on investments and servicing of finances</b>					
Interest received		4,076		4,407	
Interest paid		(70,950)		(75,370)	
Dividends paid		<u>-</u>		<u>(60,000)</u>	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			(66,874)		(130,963)
<b>Taxation</b>					
Corporation tax paid		(53,909)		(20,750)	
Group payments/(repayments)		36,378		(33,229)	
Corporation tax repaid		<u>-</u>		<u>19,733</u>	
<b>Tax paid</b>			(17,531)		(34,246)
<b>Investing activities</b>					
Payments to acquire tangible assets		(56,415)		(27,383)	
Receipts from sales of tangible assets		<u>15,013</u>		<u>6,434</u>	
<b>Net cash inflow/(outflow) from investing activities</b>			(41,402)		(20,949)
<b>Net cash inflow/(outflow) before financing</b>			439,929		(50,961)
<b>Financing</b>					
Capital element of hire purchase contracts		(136,066)		(130,457)	
<b>Net cash inflow/(outflow) from financing</b>			(136,066)		(130,457)
<b>Increase/(decrease) in cash and cash equivalents</b>	25		<u>£303,863</u>		<u>£(181,418)</u>

The notes on pages 7 to 14 form part of these financial statements.

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JANUARY 1997**

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**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 under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

The turnover derives from the principal activity of the company and is stated exclusive of value added tax and trade discounts.

**Fixed assets and depreciation**

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

Leasehold properties	- variable rates over the life of the lease
Plant and machinery	- 10% - 15% Straight line
Motor vehicles	- 25% Straight line

**Finance lease and hire purchase agreements**

Assets acquired under finance lease and hire purchase agreements are capitalised and depreciated in accordance with the provisions of Statement of Standard Accounting Practice 21. The related obligations, net of future finance charges, are included in creditors. The related finance charges are charged to the profit and loss account proportionally over the length of the respective finance agreements.

Rental charges on leases accounted for as operating leases as defined by Statement of Standard Accounting Practice 21 are charged to the profit and loss account in the period incurred.

**Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice 24.

**Stocks**

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

**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.

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JANUARY 1997****2. TURNOVER**

Turnover derives exclusively from trading activities in United Kingdom markets.

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION****1997****1996****£****£**

The profit on ordinary activities before taxation is stated after charging or crediting

Depreciation of tangible assets	173,744	171,984
Profit on disposal of fixed assets	(15,008)	(744)
Hire of plant and machinery	-	568
Operating lease rentals		
- Plant and machinery	37,511	29,628
- Land and buildings	258,085	252,395
Auditors' remuneration	<u>12,000</u>	<u>10,000</u>

**4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME****1997****1996****£****£**

Bank interest received	4,076	3,537
Other interest received	-	870
	<u>£4,076</u>	<u>£4,407</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES****1997****1996****£****£**

On bank overdrafts	51,145	49,023
Hire purchase interest	<u>19,805</u>	<u>26,347</u>
	<u>£70,950</u>	<u>£75,370</u>

**6. TAXATION****1997****1996****£****£****UK Current year taxation**

UK Corporation tax at 33% (1996 - 33%)	42,900	21,350
Payment in respect of group relief	-	33,229
Receipt in respect of group relief	(36,378)	-
Transfer from deferred taxation	<u>(11,575)</u>	<u>(12,795)</u>
Prior years	(5,053)	41,784
UK corporation tax	<u>36,378</u>	-
	<u>£31,325</u>	<u>£41,784</u>

## DOVER SHIPS STORES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JANUARY 1997

## 7. TANGIBLE ASSETS

	Land and Buildings Leasehold (short) £	Plant, Machinery etc £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 February 1996	61,657	1,245,613	132,383	1,439,653
Additions	3,978	82,017	48,180	134,175
Disposals	-	(168,577)	(25,995)	(194,572)
At 31 January 1997	<u>65,635</u>	<u>1,159,053</u>	<u>154,568</u>	<u>1,379,256</u>
<b>Depreciation</b>				
At 1 February 1996	28,923	778,787	74,722	882,432
On disposals	-	(168,573)	(25,994)	(194,567)
Charge for the year	<u>6,484</u>	<u>134,057</u>	<u>33,203</u>	<u>173,744</u>
At 31 January 1997	<u>35,407</u>	<u>744,271</u>	<u>81,931</u>	<u>861,609</u>
<b>Net Book Value</b>				
At 31 January 1997	<u>£30,228</u>	<u>£414,782</u>	<u>£72,637</u>	<u>£517,647</u>
At 31 January 1996	<u>£32,734</u>	<u>£466,826</u>	<u>£57,661</u>	<u>£557,221</u>

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

	Net Book Value £	Depreciation Charge £
Motor Vehicles	<u>262,568</u>	<u>79,147</u>

## 8. STOCKS

	1997 £	1996 £
Goods for resale	<u>543,194</u>	<u>508,416</u>

The replacement cost of stock is not materially different from the balance sheet amount.

## 9. DEBTORS

	1997 £	1996 £
Trade debtors	1,345,928	1,344,115
Other debtors	65,320	54,181
Prepayments and accrued income	<u>228,147</u>	<u>180,325</u>
	<u>£1,639,395</u>	<u>£1,578,621</u>

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JANUARY 1997****10. CREDITORS: Amounts falling due within one year**

	1997 £	1996 £
Bank overdrafts	669,936	773,034
Trade creditors	1,105,764	778,388
Amounts owed to group undertakings	325,473	301,217
Corporation tax	42,900	17,531
Other taxes and social security costs	18,469	17,564
Net obligations under finance lease and hire purchase contracts (note 11)	91,336	121,885
Accruals and deferred income	60,500	68,144
	<u>£2,314,378</u>	<u>£2,077,763</u>

Included within bank overdrafts is an amount of £341,266 (1996 £668,531) secured by a fixed and floating charge on the assets of the company.

Amounts due to group undertakings comprised of £325,473 (1996 £301,217) due to James Burden (Holdings) Limited.

**11. CREDITORS: Amounts falling due after more than one year**

	1997 £	1996 £
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	109,728	146,053
Repayable between one and five years	<u>100,459</u>	<u>129,542</u>
	210,187	275,595
Finance charges and interest allocated to future accounting periods	<u>(26,223)</u>	<u>(33,325)</u>
	183,964	242,270
Included in current liabilities	<u>(91,336)</u>	<u>(121,885)</u>
	<u>£92,628</u>	<u>£120,385</u>

Obligations under finance lease and hire purchase contracts are secured upon the assets contained in those leases.

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JANUARY 1997****12. PROVISION FOR LIABILITIES AND CHARGES**

Full provision is made for all potential amounts of deferred tax

	<b>Fully Provided</b>	
	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	41,077	52,651
Other timing differences	<u>1</u>	<u>2</u>
	<u><b>£41,078</b></u>	<u><b>£52,653</b></u>

Movements on the provision for deferred taxation are:

	<b>£</b>
At 1 February 1996	52,653
Transferred to profit and loss account	<u>11,575</u>
At 31 January 1997	<u><b>£41,078</b></u>

**13. PENSION COSTS**

A defined contribution scheme is operated by the parent company and the costs are recharged to the individual companies on an accruals basis. Disclosure relating to the scheme is given in the financial statements of the parent company.

**14. SHARE CAPITAL**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<b>Allotted, called up and fully paid</b>		
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

**15. PROFIT AND LOSS ACCOUNT**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Retained profits at 1 February 1996	507,987	419,052
Retained profit for the year	<u>59,460</u>	<u>88,935</u>
Retained profits at 31 January 1997	<u><b>£567,447</b></u>	<u><b>£507,987</b></u>

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JANUARY 1997****16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	1997	1996
	£	£
Profit for the financial year	59,460	88,935
Opening shareholders' funds	<u>532,987</u>	<u>444,052</u>
Closing shareholders' funds	<u>£592,447</u>	<u>£532,987</u>

**17. CONTINGENT LIABILITIES**

The company has given a specific counter indemnity in the amount of £25,000 in respect of the removal of goods from bonded storage without payment of duty.

The company is a party to cross guarantees given in respect of overdraft and loan facilities extended to the group. At 31 January 1997 an amount of £585,784 was outstanding under these arrangements, which is not otherwise dealt with in these financial statements.

**18. FINANCIAL COMMITMENTS**

At 31 January 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
Expiry date:				
Between two and five years	55,000	62,517	15,589	-
In over five years	<u>128,000</u>	<u>127,860</u>	<u>-</u>	<u>-</u>
	<u>£183,000</u>	<u>£190,377</u>	<u>£15,589</u>	<u>£ -</u>

**19. CAPITAL COMMITMENTS**

	1997	1996
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	-	£36,000
Authorised but not contracted for	<u>£260,000</u>	<u>-</u>

**DOVER SHIPS STORES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JANUARY 1997****20. DIRECTORS EMOLUMENTS**

	1997	1996
	£	£
Remuneration	146,011	97,279
Benefits in kind	<u>4,802</u>	<u>5,038</u>
	<u>£150,813</u>	<u>£102,317</u>
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	<u>-</u>	<u>-</u>
The highest-paid director	<u>£87,637</u>	<u>£55,502</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:	No.	No.
£40,001 - £45,000	-	1
£55,001 - £60,000	<u>1</u>	<u>-</u>

Pension contributions on behalf of the directors amounted to £9,900 (1996 - £13,823).

**21. EMPLOYEES**

	1997	1996
Number of employees	No.	No.
The average monthly number of employees (including directors) during the year was:		
Office and management	15	13
Sales and distribution	<u>68</u>	<u>65</u>
	<u>83</u>	<u>78</u>
Employment costs	£	£
Wages and salaries	868,894	855,758
Social security costs	80,256	82,156
Other pension costs	<u>9,450</u>	<u>4,331</u>
	<u>£958,600</u>	<u>£942,245</u>

**22. ULTIMATE PARENT COMPANY**

The ultimate parent company is James Burden (Holdings) Limited, who own 100% (1996 - 85%) of the issued share capital. James Burden (Holdings) Limited is registered in England and Wales.

The company has taken advantage of the exemption provisions in Financial Reporting Standard 8 in the respect of inter-group transactions.

Copies of the group financial statements of James Burden (Holdings) Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.



## DOVER SHIPS STORES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JANUARY 1997

## 23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	157,659	201,682
Depreciation of tangible assets	173,744	171,984
Profit on disposal of tangible assets	(15,008)	(744)
Increase in stocks	(34,778)	60,044
Increase in debtors	(60,774)	(303,118)
Increase in creditors due within one year	<u>344,893</u>	<u>5,349</u>
Net cash inflow/(outflow) from operating activities	<u>£565,736</u>	<u>£135,197</u>

## 24. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1997 £	1996 £
Balance at 1 February 1996	(633,504)	(452,086)
Net cash inflow/(outflow)	<u>303,863</u>	<u>(181,418)</u>
Balance at 31 January 1997	<u>£(329,641)</u>	<u>£(633,504)</u>

## 25. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	1997 £	1996 £	Change in year £
Cash at bank and in hand	340,295	139,530	200,765
Bank overdrafts	<u>(669,936)</u>	<u>(773,034)</u>	<u>103,098</u>
	<u>£(329,641)</u>	<u>£(633,504)</u>	<u>£303,863</u>

## 26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital £	Loans and Finance Lease Obligations £
Balance at 1 February 1996	25,000	242,270
Cash inflow/(outflow) from financing	-	(136,066)
Inception of finance lease contracts	-	<u>77,760</u>
	<u>£25,000</u>	<u>£183,964</u>