

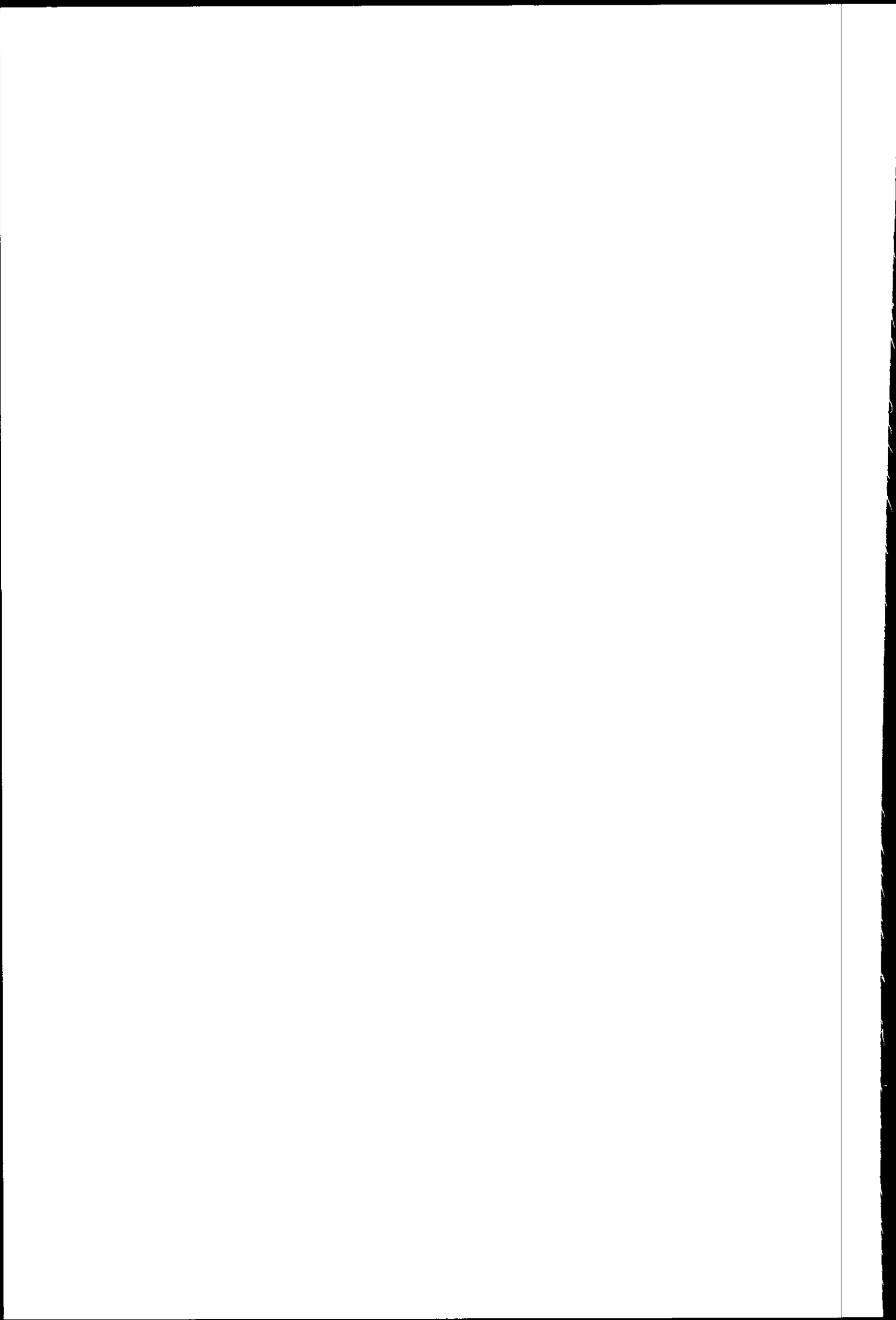
Linebush V Limited

Annual report

for the 52 weeks ended 27 December 2003

Registered Number 4354459





# Linebush V Limited

## Annual report

for the 52 weeks ended 27 December 2003

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# Linebush V Limited

## Directors' report for the 52 weeks ended 27 December 2003

The directors present their report and the audited financial statements of the company for the 52 weeks ended 27 December 2003.

### Principal activity

The principal activity of the company is that of retail convenience stores.

### Review of business and future developments

The company acquired the first of its stores in February 2004 when it acquired 2 retail convenience stores in Harrogate, North Yorkshire. Between then and the end of the financial year, the company acquired an additional 3 stores, all based in the North East of England, bringing the total number of stores to 5. A number of stores have undergone refurbishment works during the year, but the directors consider these works as vitally important if the stores are to fulfil their true potential. These works together with the installation of Electronic Point Of Sale (EPOS) to all stores should enable the company to exceed the levels of turnover, margin and profitability in the years ahead.

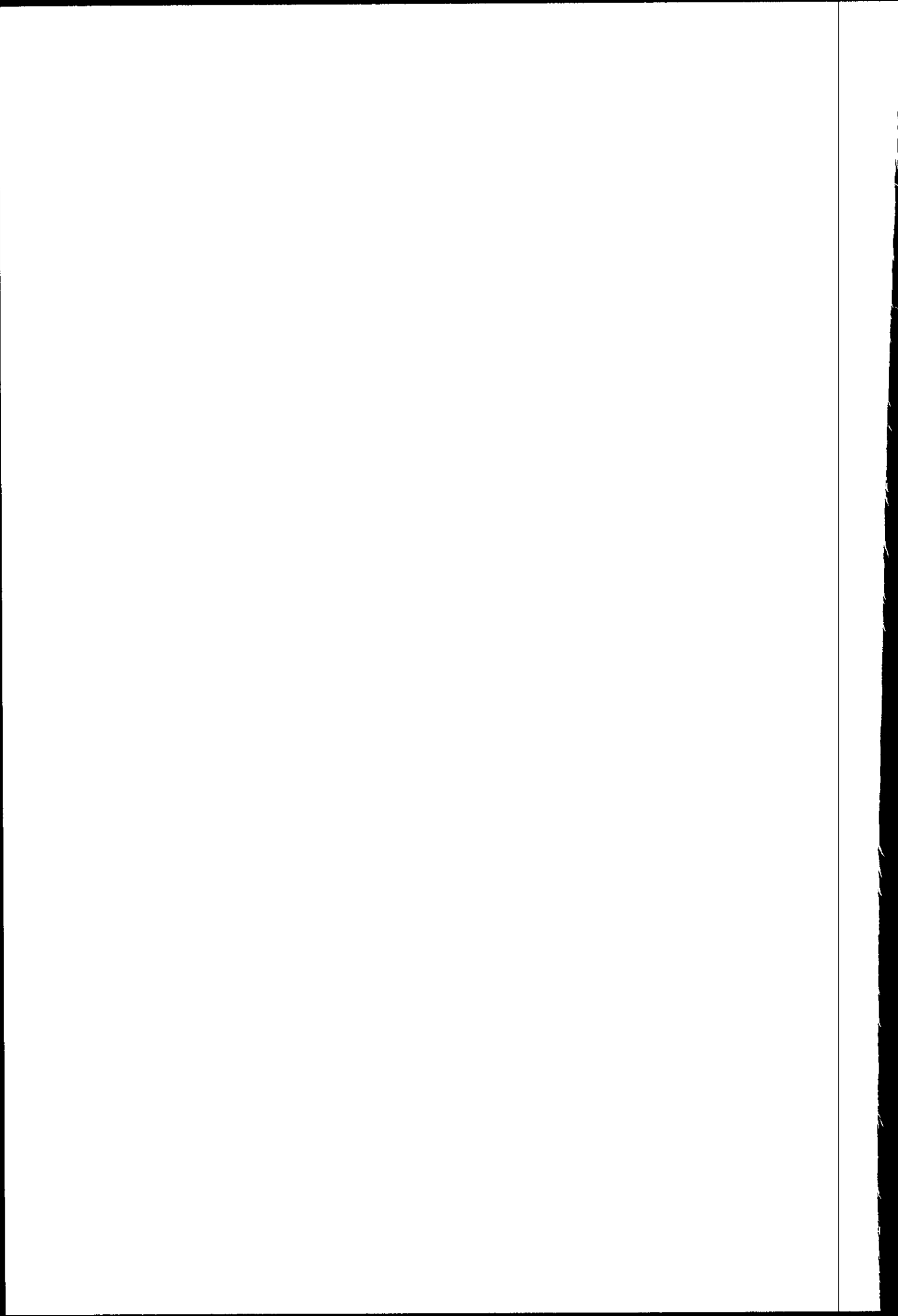
### Results and dividends

The company realised a profit for the period after taxation of £2,624 (2002: £2,236). The directors do not recommend the payment of a dividend.

### Directors and their interests

The directors who held office during the period, together with their interests in the company's £1.20 "A" ordinary shares and £1.20 "B" ordinary shares, are given below:

|               | 27 December 2003 |       | 28 December 2002 |       |
|---------------|------------------|-------|------------------|-------|
|               | Number           | Class | Number           | Class |
| N J Mills     | 29,178           | A     | 29,178           | A     |
| M G Stokoe    | 29,179           | A     | 29,179           | A     |
| Mrs S Mills   | 29,178           | A     | 29,178           | A     |
| J R Mills     | -                | -     | -                | -     |
| R C Linsell   | 2,000            | A     | 2,000            | A     |
| L S Furness   | 80,000           | B     | 80,000           | B     |
| G Lurie       | 96,000           | B     | 96,000           | B     |
| R S Middleton | 6,000            | B     | 6,000            | B     |
| R C Moules    | 80,000           | B     | 80,000           | B     |



# Linebush V Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.


The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 52 weeks ended 27 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

## Auditors

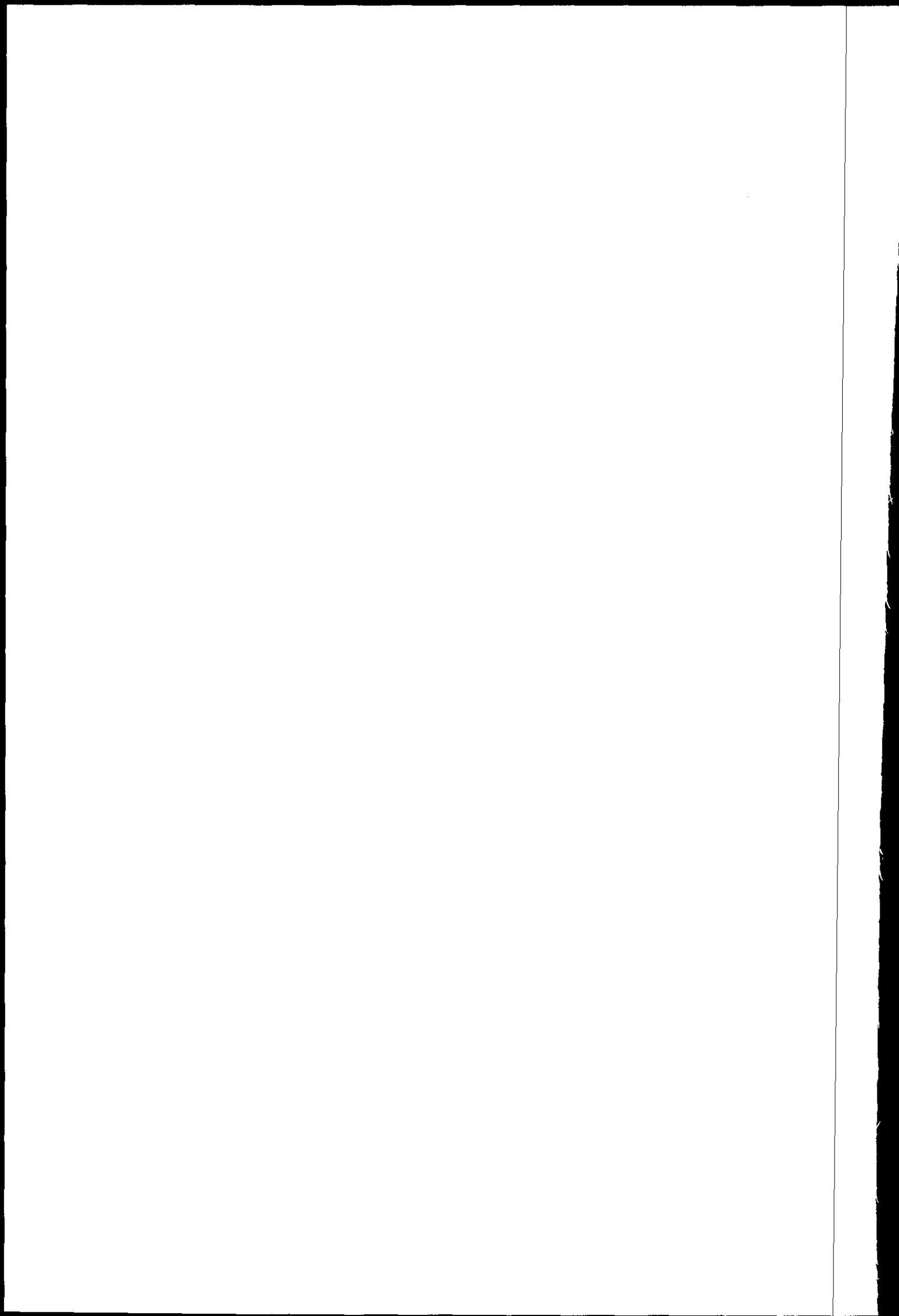
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
M G Stokoe  
Secretary

21 June 2004

7/11 Earsdon Road  
Whitley Bay





# Linebush V Limited

## Independent auditors' report to the members of Linebush V Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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 is not disclosed.

### Basis of audit 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 27 December 2003 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

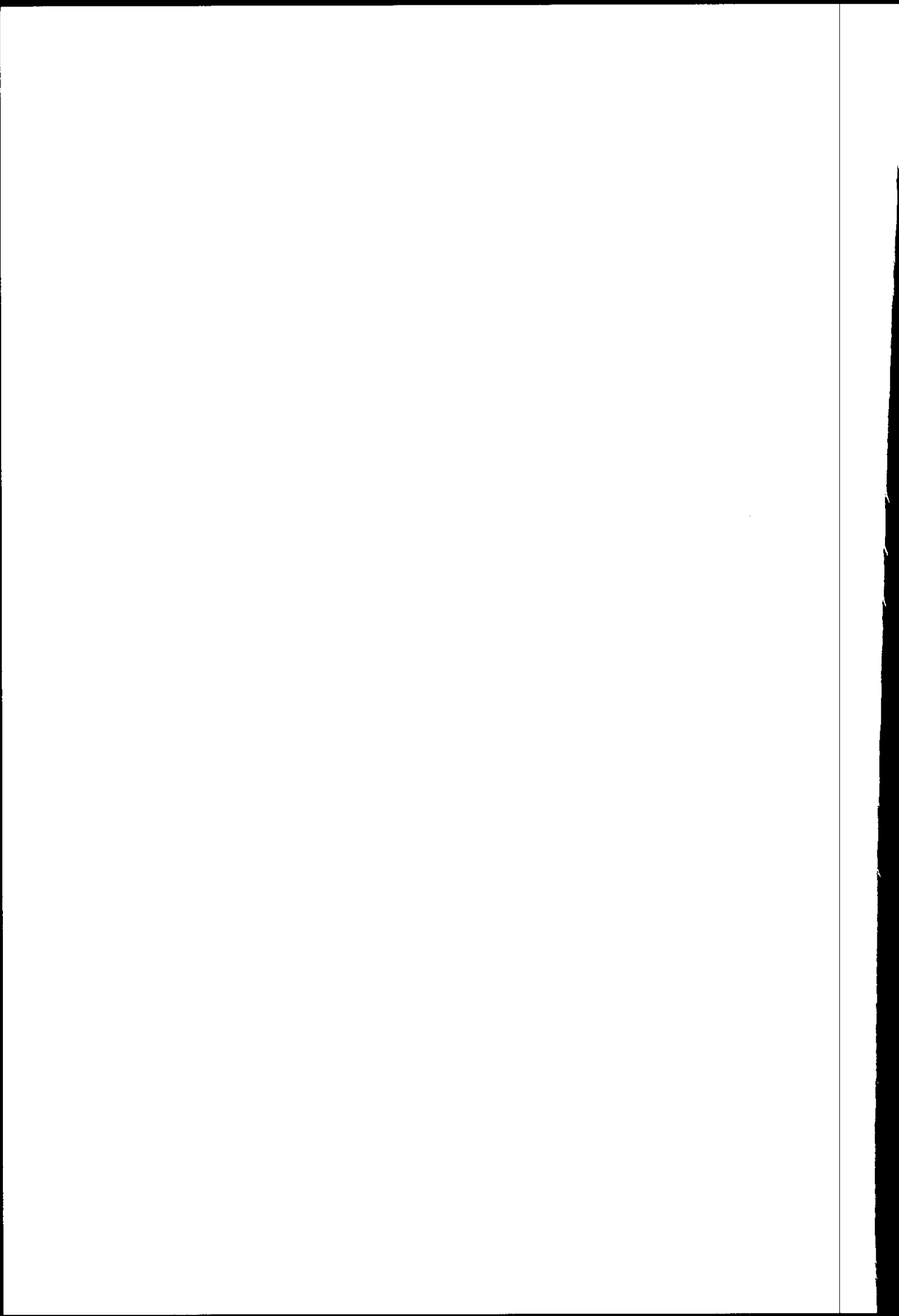


**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

21 June 2004



# Linebush V Limited

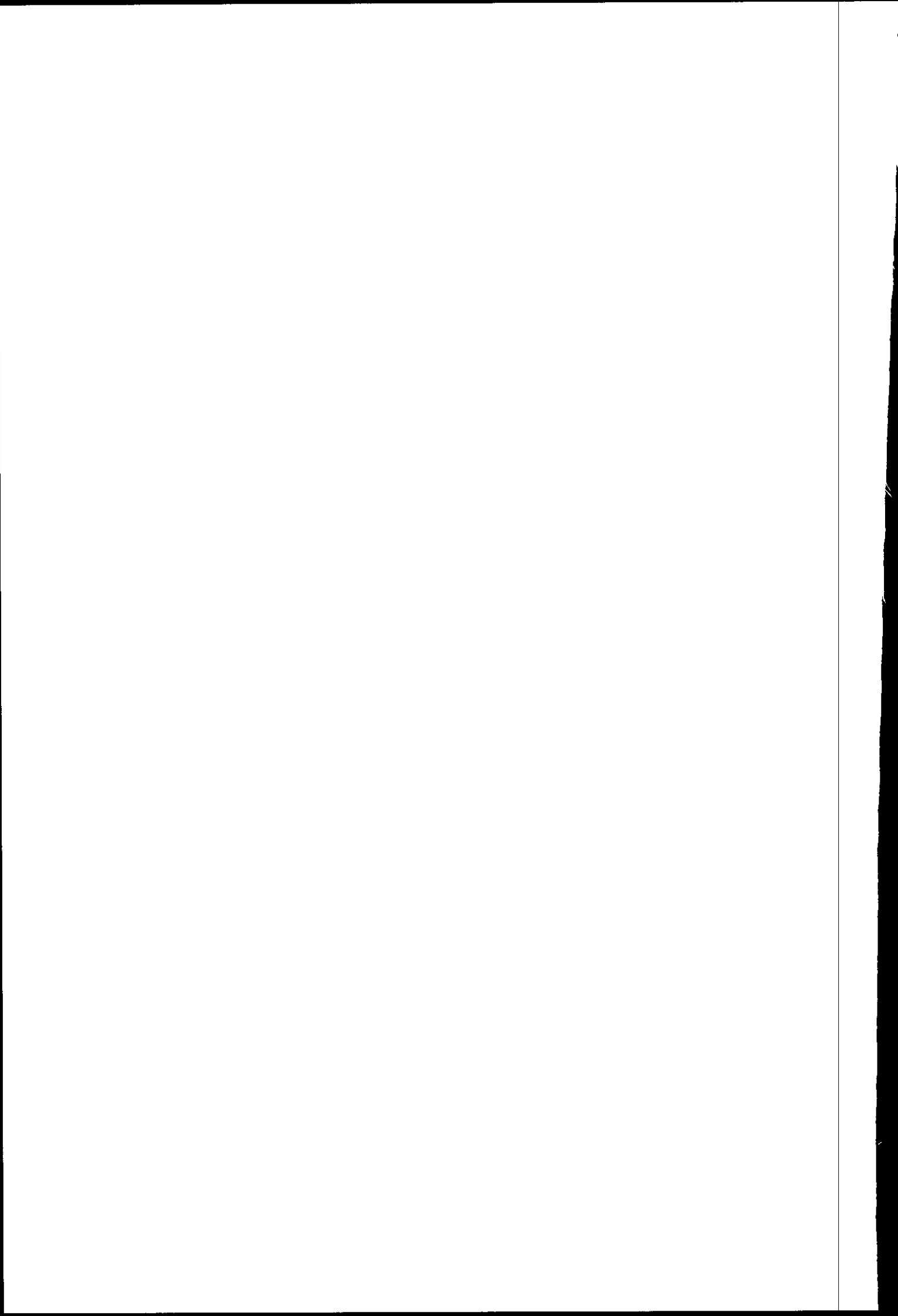
## Profit and loss account for the 52 weeks ended 27 December 2003

|                                                      |      | 52 weeks ended<br>27 December<br>2003 | Period ended<br>28 December<br>2002 |
|------------------------------------------------------|------|---------------------------------------|-------------------------------------|
|                                                      | Note | £                                     | £                                   |
| <b>Turnover</b>                                      |      | <b>2,096,951</b>                      | -                                   |
| Cost of sales                                        |      | (1,633,352)                           | -                                   |
| <b>Gross profit</b>                                  |      | <b>463,599</b>                        | -                                   |
| Administrative expenses                              |      | (474,071)                             | (28,461)                            |
| Other operating income                               |      | 38,555                                | -                                   |
| <b>Operating profit/(loss)</b>                       |      | <b>28,083</b>                         | (28,461)                            |
| Loss on disposal of fixed assets                     |      | (2,200)                               | -                                   |
| Interest receivable and similar income               | 1    | 16,983                                | 31,716                              |
| Interest payable and similar charges                 | 2    | (10,648)                              | -                                   |
| <b>Profit on ordinary activities before taxation</b> | 3    | <b>32,218</b>                         | 3,255                               |
| Tax on profit on ordinary activities                 | 4    | (29,594)                              | (1,019)                             |
| <b>Retained profit for the financial period</b>      | 12   | <b>2,624</b>                          | 2,236                               |

All of the company's operations are continuing, and are derived from acquisitions in the year.

The company has no recognised gains and losses other than the profit above and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial period stated above and their historical cost equivalents.



# Linebush V Limited

## Balance sheet as at 27 December 2003

|                                                              | Note | 2003<br>£        | 2002<br>£        |
|--------------------------------------------------------------|------|------------------|------------------|
| <b>Fixed assets</b>                                          |      |                  |                  |
| Intangible assets                                            | 5    | 1,081,236        | -                |
| Tangible assets                                              | 6    | 514,090          | -                |
|                                                              |      | <b>1,595,326</b> | -                |
| <b>Current assets</b>                                        |      |                  |                  |
| Stocks                                                       |      | 233,299          | -                |
| Debtors                                                      | 7    | 189,857          | 16,298           |
| Cash at bank and in hand                                     |      | 185,649          | 1,192,525        |
|                                                              |      | <b>608,805</b>   | <b>1,208,823</b> |
| <b>Creditors – Amounts falling due within one year</b>       | 8    | <b>(380,135)</b> | <b>(12,217)</b>  |
| <b>Net current assets</b>                                    |      | <b>228,670</b>   | <b>1,196,606</b> |
| <b>Total assets less current liabilities</b>                 |      | <b>1,823,996</b> | <b>1,196,606</b> |
| <b>Creditors – Amounts falling due in more than one year</b> | 9    | <b>(600,000)</b> | -                |
| <b>Provisions for liabilities and charges</b>                | 10   | <b>(24,766)</b>  | -                |
| <b>Net assets</b>                                            |      | <b>1,199,230</b> | <b>1,196,606</b> |
| <b>Capital and reserves</b>                                  |      |                  |                  |
| Called up equity share capital                               | 11   | 1,192,002        | 1,192,002        |
| Share premium account                                        | 12   | 2,368            | 2,368            |
| Profit and loss account                                      | 12   | 4,860            | 2,236            |
| <b>Total equity shareholders' funds</b>                      | 13   | <b>1,199,230</b> | <b>1,196,606</b> |

The financial statements on pages 4 to 12 were approved by the board of directors on 21 June 2004 and were signed on its behalf by:



N J Mills  
Director



# Linebush V Limited

## Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985, except as indicated in note 5, and applicable accounting standards. The principal accounting standards are set out below.

### Turnover

Turnover represents the net amounts receivable excluding value added tax from the principal activity of the company, being that of retail convenience stores. All turnover arises in the United Kingdom.

### Depreciation

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life on a straight line basis as follows:

Fixtures and fittings                      - Between 5% and 25% per annum

Assets under construction are not depreciated.

### Stock

Stock consists of goods for resale and is stated at the lower of cost and net realisable value. Cost is computed by deducting the gross profit margin from the selling value of stock.

### Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### Intangible assets

Purchased goodwill arising on the acquisition of retail outlets is recorded at cost.

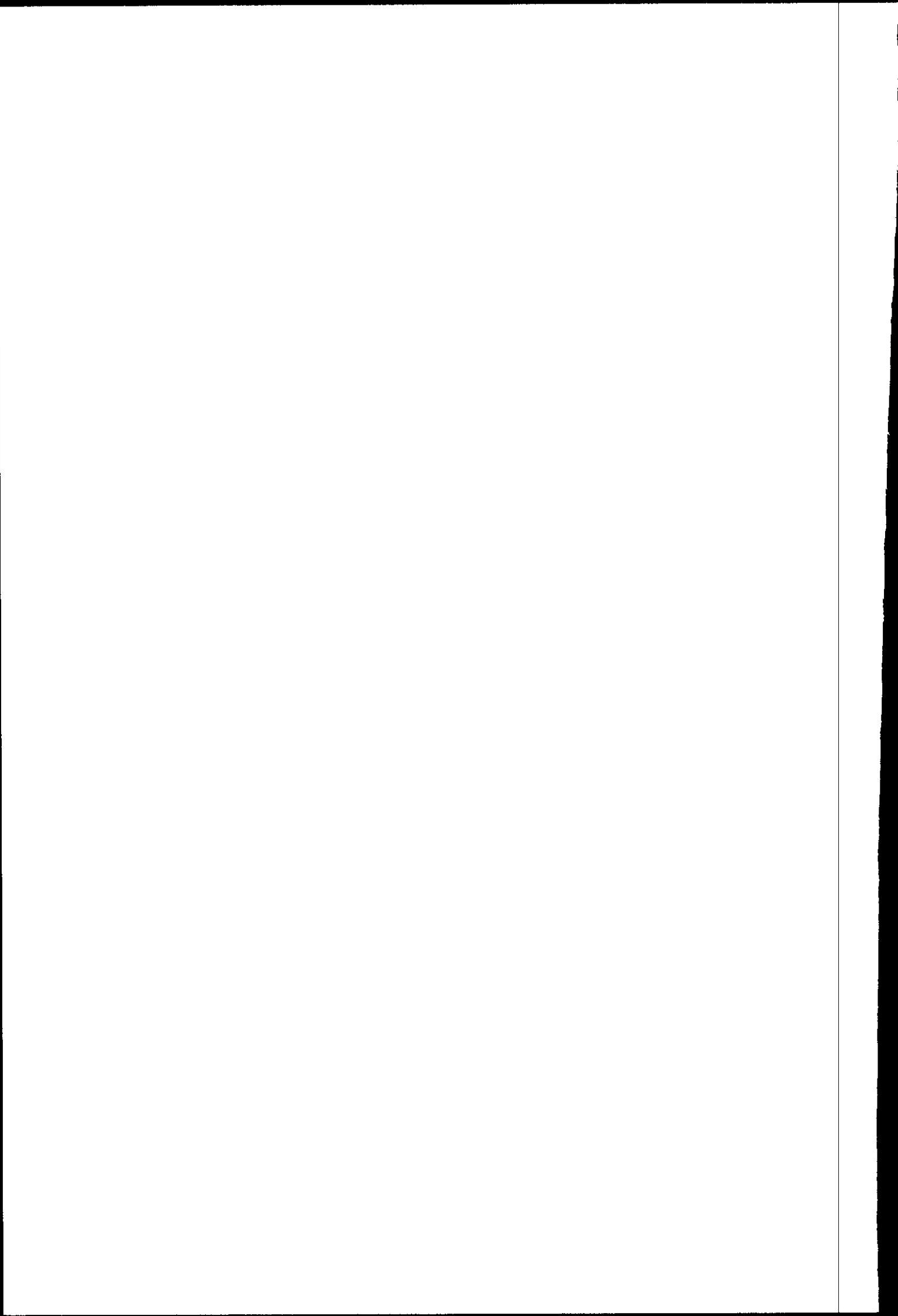
Goodwill is not amortised over a finite period because the durability of the business is such that the directors consider that the value of goodwill will not reduce over time. Goodwill is tested annually for impairment in accordance with Financial Reporting Standard 11 by discounting estimated future cash flows at an appropriate discount rate.

### Cashflow statement

The company has taken advantage of the exemption available under FRS 1 (Revised 1996) not to present a cashflow statement as it qualifies as a small entity.

### Pensions

The company operates a money purchase pension scheme for some of its employees. Pension costs are recognised as they become due.





# Linebush V Limited

## Notes to the financial statements for the period ended 27 December 2003

### 1 Interest receivable and similar income

|                              | 2003   | 2002   |
|------------------------------|--------|--------|
|                              | £      | £      |
| Interest on UK bank deposits | 16,983 | 31,716 |

### 2 Interest payable and similar charges

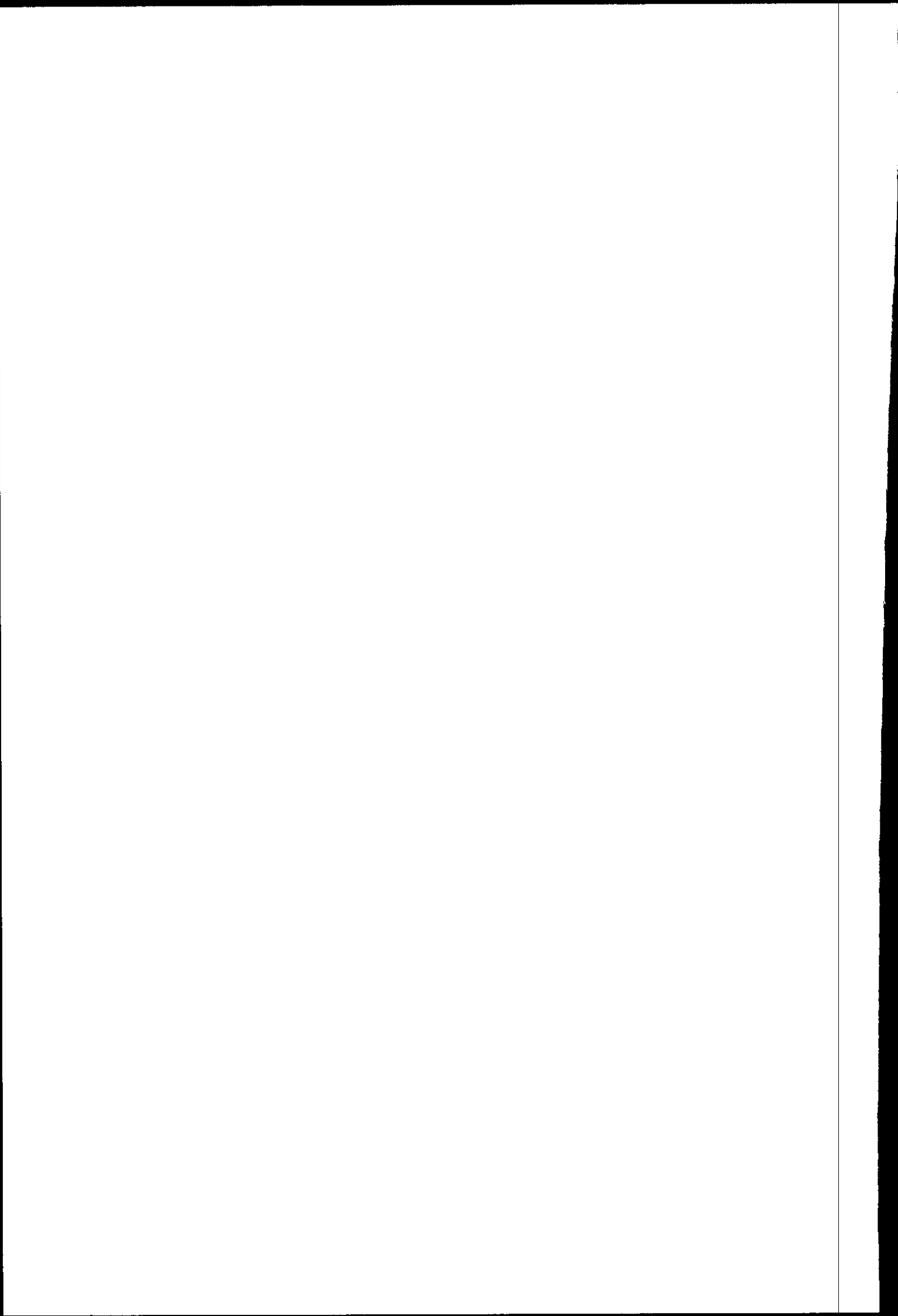
|                | 2003   | 2002 |
|----------------|--------|------|
|                | £      | £    |
| Loan interest  | 10,564 | -    |
| Other interest | 84     | -    |
|                | 10,648 | -    |

### 3 Profit on ordinary activities before taxation

|                                                                         | 2003   | 2002   |
|-------------------------------------------------------------------------|--------|--------|
|                                                                         | £      | £      |
| Profit on ordinary activities before taxation is stated after charging: |        |        |
| Depreciation                                                            | 13,539 | -      |
| Auditors' remuneration - audit services                                 | 2,800  | 500    |
| - non-audit services                                                    | 2,120  | 2,000  |
| Management fee payable (see note 14)                                    | 37,917 | 20,000 |

|                       | 2003    | 2002 |
|-----------------------|---------|------|
|                       | £       | £    |
| Staff costs           |         |      |
| Wages and salaries    | 267,837 | -    |
| Social security costs | 13,294  | -    |
| Pensions              | 773     | -    |
|                       | 281,904 | -    |

No director received any remuneration in respect of his services to the company during the period.



# Linebush V Limited

## 4 Tax on profit on ordinary activities

### (a) Analysis of charge in period

|                                                | 2003          | 2002         |
|------------------------------------------------|---------------|--------------|
|                                                | £             | £            |
| <b>Current tax</b>                             |               |              |
| United Kingdom corporation tax                 | -             | 6,026        |
| Adjustments in respect of previous periods     | (179)         | -            |
| <b>Total current tax</b>                       | <b>(179)</b>  | <b>6,026</b> |
| <b>Deferred tax</b>                            |               |              |
| Origination and reversal of timing differences | 29,773        | (5,007)      |
|                                                | <b>29,594</b> | <b>1,019</b> |

### (b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2002: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

|                                                                                                           | 2003         | 2002         |
|-----------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                           | £            | £            |
| Profit on ordinary activities before tax                                                                  | 32,218       | 3,255        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2002: 19%) | 6,121        | 618          |
| <i>Effects of:</i>                                                                                        |              |              |
| Expenses not deductible for tax purposes                                                                  | 609          | 401          |
| Short term timing differences                                                                             | (6,866)      | 5,007        |
| Capital transactions                                                                                      | 136          | -            |
| Adjustments in respect of previous periods                                                                | (179)        | -            |
| <b>Current tax (credit)/charge for period</b>                                                             | <b>(179)</b> | <b>6,026</b> |

### (c) Factors that may affect future tax charges

The company has losses carried forward that are available for use in future periods. The potential deferred tax asset of £24,008 has not been recognised as there is insufficient evidence that it will be recoverable in the foreseeable future.



# Linebush V Limited

## 5 Intangible fixed assets

|                            | Goodwill<br>£    |
|----------------------------|------------------|
| At 29 December 2002        | -                |
| Additions (see note 15)    | 1,081,236        |
| <b>At 27 December 2003</b> | <b>1,081,236</b> |

Intangible fixed assets comprise goodwill arising on the acquisition of stores. The directors have considered the durability of goodwill and believe, after taking into account the quality of the stores, the localised nature of the customer profile, the particular nature of the products sold, the regulatory barriers to selling certain products and the high costs of opening a store that the goodwill has an indefinite life and does not lose value.

The Companies Act 1985 requires that capitalised goodwill must be amortised. However, amortising the goodwill over a finite period would not give a true and fair view because the durability of the business is such that the directors consider that the value of goodwill will not reduce over time. The application of an impairment test supports the value of goodwill and, as a result, no charge for impairment is required at the balance sheet date. It is not possible to quantify the effect of the departure from the Companies Act because no finite life for goodwill can be identified.

## 6 Tangible fixed assets

|                            | Freehold<br>land and<br>buildings<br>£ | Fixtures<br>and<br>fittings<br>£ | Assets<br>under<br>construction<br>£ | Total<br>£     |
|----------------------------|----------------------------------------|----------------------------------|--------------------------------------|----------------|
| <b>Cost</b>                |                                        |                                  |                                      |                |
| At 29 December 2002        | -                                      | -                                | -                                    | -              |
| Acquisitions (see note 15) | 240,000                                | 110,000                          | -                                    | 350,000        |
| Additions                  | 7,200                                  | 249,714                          | 167,915                              | 424,829        |
| Disposals                  | (247,200)                              | -                                | -                                    | (247,200)      |
| <b>At 27 December 2003</b> | <b>-</b>                               | <b>359,714</b>                   | <b>167,915</b>                       | <b>527,629</b> |
| <b>Depreciation</b>        |                                        |                                  |                                      |                |
| At 29 December 2002        | -                                      | -                                | -                                    | -              |
| Charge for the period      | -                                      | 13,539                           | -                                    | 13,539         |
| <b>At 27 December 2003</b> | <b>-</b>                               | <b>13,539</b>                    | <b>-</b>                             | <b>13,539</b>  |
| <b>Net book amount</b>     |                                        |                                  |                                      |                |
| <b>At 27 December 2003</b> | <b>-</b>                               | <b>346,175</b>                   | <b>167,915</b>                       | <b>514,090</b> |
| At 28 December 2002        | -                                      | -                                | -                                    | -              |



# Linebush V Limited

## 7 Debtors

|                                               | 2003    | 2002   |
|-----------------------------------------------|---------|--------|
|                                               | £       | £      |
| Trade debtors                                 | 17,422  | -      |
| Prepayments and accrued income                | 30,404  | 3,598  |
| Other debtors                                 | 11,347  | -      |
| Deferred taxation (see note 10)               | -       | 5,007  |
| Amounts owed by related parties (see note 14) | 105,023 | -      |
| Other taxation and social security            | 25,661  | 7,693  |
|                                               | 189,857 | 16,298 |

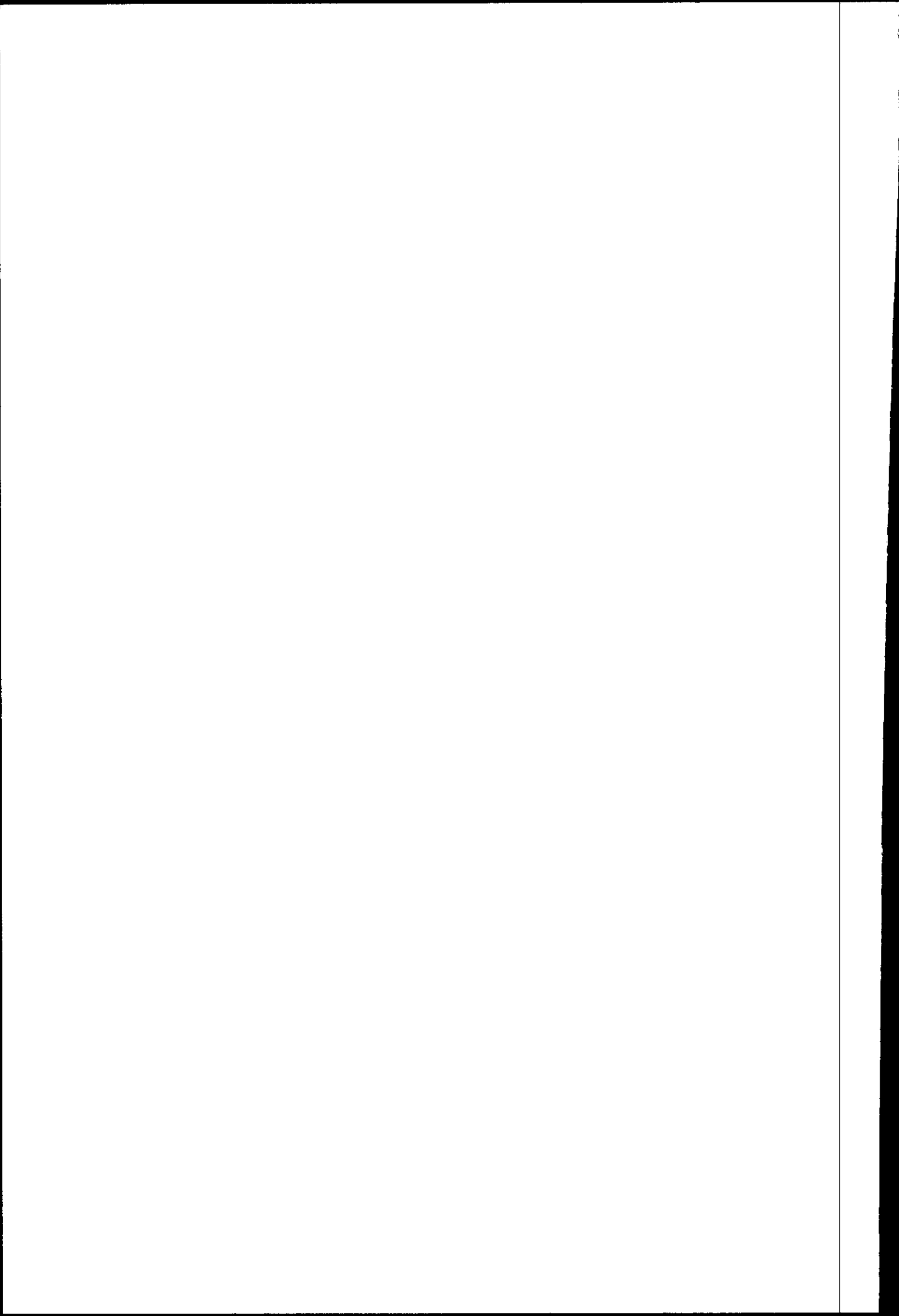
## 8 Creditors - Amounts falling due within one year

|                                    | 2003    | 2002   |
|------------------------------------|---------|--------|
|                                    | £       | £      |
| Trade creditors                    | 331,219 | 3,165  |
| Other creditors                    | 7,250   | -      |
| Corporation tax                    | -       | 6,026  |
| Other taxation and social security | 3,396   | -      |
| Accruals and deferred income       | 38,270  | 3,026  |
|                                    | 380,135 | 12,217 |

## 9 Creditors - Amounts falling after more than one year

|           | 2003    | 2002 |
|-----------|---------|------|
|           | £       | £    |
| Bank loan | 600,000 | -    |

The company's bank borrowings are secured by a charge over the company's net assets and by the life assurance policies of N J Mills and M G Stokoe in the sum of £100,000 for a period of at least ten years.





# Linebush V Limited

## 10 Provisions for liabilities and charges

|                                                             | 2003          | 2002           |
|-------------------------------------------------------------|---------------|----------------|
|                                                             | £             | £              |
| <b>Deferred taxation</b>                                    |               |                |
| Accelerated capital allowances                              | 24,766        | -              |
| Losses                                                      | -             | (5,007)        |
| <b>Total deferred tax</b>                                   | <b>24,766</b> | <b>(5,007)</b> |
| At 29 December 2002                                         | (5,007)       |                |
| Deferred tax charge in profit and loss account (see note 4) | 29,773        |                |
| <b>At 27 December 2003</b>                                  | <b>24,766</b> |                |

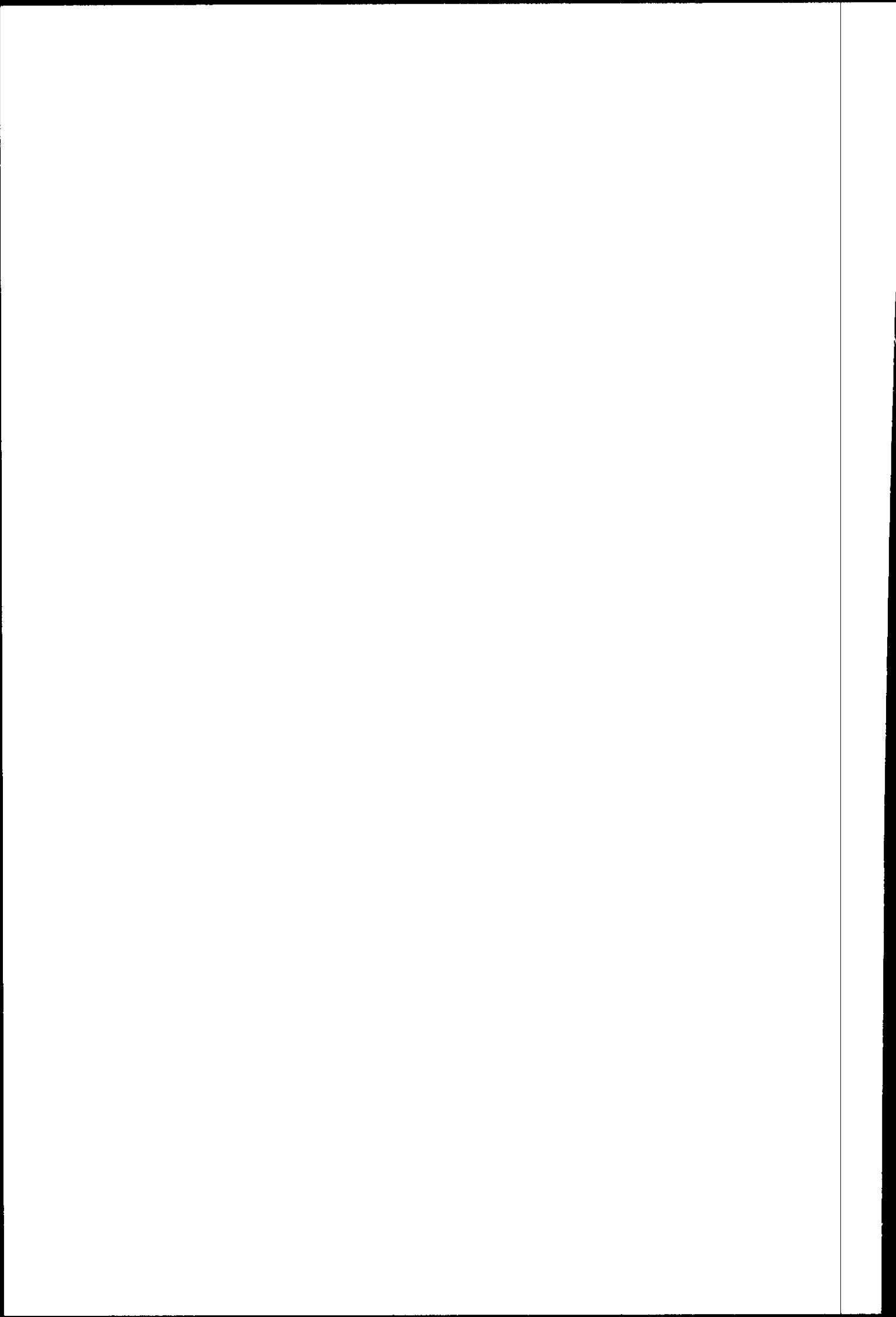
## 11 Called up equity share capital

|                                             | 2003             | 2002             |
|---------------------------------------------|------------------|------------------|
|                                             | £                | £                |
| <b>Authorised, allotted and fully paid:</b> |                  |                  |
| "A" ordinary shares of £1.20 each           | 119,202          | 119,202          |
| "B" ordinary shares of £1.20 each           | 1,072,800        | 1,072,800        |
|                                             | <b>1,192,002</b> | <b>1,192,002</b> |

"A" and "B" ordinary shares carry equal voting rights. In accordance with the Articles of Association, the "A" ordinary shares of £1.20 each will be subdivided into "A" ordinary shares of one penny each and immediately thereafter such number of the newly created "A" ordinary shares will be converted to "C" ordinary shares of one penny each, which will be created upon this subdivision in conjunction with a formula based on the profitability of the company five years after its formation.

## 12 Reserves

|                                          | Share premium account | Profit and loss account |
|------------------------------------------|-----------------------|-------------------------|
|                                          | £                     | £                       |
| At 29 December 2002                      | 2,368                 | 2,236                   |
| Retained profit for the financial period | -                     | 2,624                   |
| <b>At 27 December 2003</b>               | <b>2,368</b>          | <b>4,860</b>            |



# Linebush V Limited

## 13 Reconciliation of movements in equity shareholders' funds

|                                        | 2003<br>£ | 2002<br>£ |
|----------------------------------------|-----------|-----------|
| Profit for the financial period        | 2,624     | 2,236     |
| Net proceeds of issue of share capital | -         | 1,241,669 |
| Write off of preliminary expenses      | -         | (47,299)  |
| Opening equity shareholders' funds     | 1,196,606 | -         |
| Closing equity shareholders' funds     | 1,199,230 | 1,196,606 |

## 14 Related party transactions

The company has a management agreement with Mills Group Limited to provide services relating to the development of the outlets as well as the provision of the day to day administrative duties. During the period the company was charged management fees totalling £37,917 (2002: £20,000) by Mills Group Limited. There is also a loan balance outstanding to Mills Group Limited for £105,023 (2002: £Nil) at the period end. The companies are related through the common directorships of N J Mills, J R Mills, M G Stokoe and Mrs S Mills.

## 15 Acquisition of retail businesses

During the period, the company acquired the trade and assets of five retail businesses for a total cash consideration of £1,613,016. Acquisition accounting was used for the combinations. There were no adjustments required to the book value of the assets and liabilities acquired to present them at fair values in accordance with the company's accounting policies.

|                                                              | Book value<br>and<br>fair value<br>£ |
|--------------------------------------------------------------|--------------------------------------|
| Freehold property                                            | 240,000                              |
| Fixtures and fittings                                        | 110,000                              |
| Stock                                                        | 181,780                              |
| Net assets acquired                                          | 531,780                              |
| Goodwill                                                     | 1,081,236                            |
| Total consideration (including acquisition costs of £23,436) | 1,613,016                            |

Only certain of the assets and liabilities of the retail business were acquired. In these circumstances, it is not practical to provide details of profits or recognised gains and losses for the retail business for financial periods before acquisition.

