

**T&S MANAGEMENT SERVICES LIMITED**  
**(REGISTERED NUMBER 02414002)**

**DIRECTORS' REPORT AND ACCOUNTS**

**53 weeks ended 2 January 1999**



## **T&S MANAGEMENT SERVICES LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report together with the audited accounts of the Company for the 53 weeks ended 2 January 1999.

### **PRINCIPAL ACTIVITIES**

The Company was dormant throughout 1997. However, with the advent of the T&S Store Plc Profit Related Pay Scheme which came into being on 28 December 1997, the Company commenced operations as the Group's management services company providing staff for T&S Stores Plc and its subsidiary operating companies.

### **RESULTS AND DIVIDENDS**

The trading results for the company are set out in the profit and loss account on page 4.

The profit after taxation for the financial year amounted to £93,999 (1997 : £Nil). The Directors do not recommend the payment of a dividend and hence the total profit for the financial year has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year and at the date of this report were as follows:

KP Threlfall  
D Crellin

None of the directors had any beneficial interests in any shares of the company during the period. The interests of the directors in the shares of the ultimate holding company T&S Stores Plc, are disclosed in those accounts.

## **T&S MANAGEMENT SERVICES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **YEAR 2000**

The Company set up a project to address Year 2000 issues in June 1997 under the guidance of Group Information Systems Director, Mr MT Kenyon. The project's progress is reviewed by the Board on a monthly basis.

The Year 2000 project's key stages are:

- Identify the impact of Year 2000 on the Group's systems and systems' suppliers.
- Identify the impact of Year 2000 on suppliers of goods for resale, equipment and services.
- Prioritise the areas identified in respect of the potential risk to the Group.
- Make enquiries of suppliers in priority order.
- Decide how to make the Group's systems and equipment Year 2000 compliant.
- Take corrective action.
- Test that the actions taken have been successful.
- Long stop project review in order to ensure that nothing in the preceding stages has been overlooked.
- Contingency planning

All key stages up to and including testing the actions taken are now complete. The long stop review and contingency planning are currently under way.

The work on this project has been undertaken by existing management and staff as part of their normal duties. The upgrading of systems and equipment, where required, has been achieved as part of the Group's ongoing capital expenditure programme, bringing forward planned replacements as necessary. Consequently, additional costs to the Group have been kept to a minimum and are not regarded as material nor is it anticipated that they will be significant in the future.

We have no information that indicates that significant suppliers of goods for resale may be unable to supply the Group, or that significant service providers may be unable to supply services to the Group as a result of Year 2000 problems, the potential effect of which would cause uncertainty about the Group's going concern status.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **T&S MANAGEMENT SERVICES LIMITED**

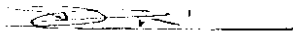
### **DIRECTORS' REPORT (CONTINUED)**

The directors confirm that these financial statements comply with these requirements.

#### **AUDITORS**

PricewaterhouseCoopers, having indicated their willingness, will be proposed for re-appointment at the Annual General Meeting.

By Order of the Board



D CRELLIN  
Director  
21 October 1999

## AUDITORS' REPORT TO THE SHAREHOLDERS OF T&S MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established primarily by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

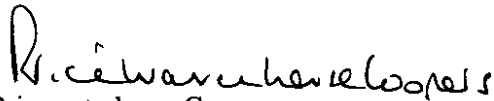
### Basis of audit opinion

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 2 January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors

21 October 1999

# **T&S MANAGEMENT SERVICES LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 2 JANUARY 1999**

	<u>Notes</u>	53 weeks ended <u>2 January 1999</u> £	52 weeks ended <u>27 December 1997</u> £
<b>TURNOVER</b>		29,445,225	-
Cost of Sales		<u>(29,308,994)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		136,231	-
Tax on profit on ordinary activities	4	<u>(42,232)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		93,999	-
Dividends		<u>-</u>	<u>-</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>93,999</u>	<u>-</u>

All recognised gains and losses are included in the profit and loss account and arise from continuing activities in the United Kingdom.

There is no difference between the results disclosed above and those on an unmodified historical cost basis.

The notes on pages 7 to 10 form part of these accounts.

# **T&S MANAGEMENT SERVICES LIMITED**

## **BALANCE SHEET AS AT 2 JANUARY 1999**

	<u>Notes</u>	<u>2 January 1999</u> £	<u>27 December 1997</u> £
<b>CURRENT ASSETS</b>			
Debtors	5	36,675,250	2
<b>CREDITORS (amounts falling due within one year)</b>	6	(36,581,249)	-
		<hr/>	<hr/>
<b>NET ASSETS</b>		<u>94,001</u>	<u>2</u>
<b>CAPTIAL AND RESERVES</b>			
Called up share capital	7	2	2
Profit and loss account	8	93,999	-
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>94,001</u>	<u>2</u>

Approved by the Board on 21 October 1999.

  
D Crellin  
DIRECTOR

The notes on pages 7 to 10 form part of these financial statements.

# T&S MANAGEMENT SERVICES LIMITED

## NOTES TO THE ACCOUNTS

### 1 ACCOUNTING POLICIES

#### (1) Accounting convention

The accounts have been made up for the 53 weeks ended 2 January 1999 and are prepared under the historical cost convention, and in accordance with UK Statements of Standard Accounting Practice.

#### (2) Turnover

Turnover represents amounts billed to fellow group undertakings for the services of employees.

#### (3) Cash flow statement

The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (revised) is included in the accounts of its ultimate parent undertaking.

### 2. STAFF COSTS

	53 weeks ended <u>2 January 1999</u> £'000	52 weeks ended <u>27 December 1997</u> £'000
Wages & Salaries	27,061	-
Social Security Costs	1,803	-
Other Pension Costs	384	-
	<u>29,248</u>	<u>-</u>

The average number of employees during the period was made up as follows:

	<u>Number</u>	<u>Number</u>
Administration	394	-
Sales & Distribution	<u>1,972</u>	<u>-</u>
	<u>2,366</u>	<u>-</u>

### 3. DIRECTORS' EMOLUMNETS

No emoluments were paid to Directors in respect of their services to the company.  
The emoluments are paid by the parent undertaking, T&S Stores Plc.



# T&S MANAGEMENT SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	53 weeks ended 2 January 1999 £	52 weeks ended 27 December 1997 £
Tax on profit on ordinary activities based on the results for the year:		
Corporation Tax at 31%	42,232	-
Prior Year	-	-
	<u>42,232</u>	<u>-</u>

### 5 DEBTORS

	1998 £	1997 £
Amounts owed by group undertakings	36,668,745	2
Other debtors	<u>6,505</u>	<u>-</u>
	<u>36,675,250</u>	<u>2</u>

### 6 CREDITORS (amounts falling due within one year)

	1998 £	1997 £
Amounts owed to group undertakings	35,754,599	-
Corporation Tax	42,232	-
Other taxes and social security costs	542,458	-
Accruals	<u>241,960</u>	<u>-</u>
	<u>36,581,249</u>	<u>-</u>

### 7 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Ordinary Shares	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Ordinary Shares	<u>2</u>	<u>2</u>

## **T&S MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **8 PROFIT AND LOSS ACCOUNT**

	£
At start of year	-
Retained profit for the year	<u>93,999</u>
At end of year	<u>93,999</u>

#### **9 PENSION COMMITMENTS**

The company participates in the T&S Stores Senior Executive Pension Scheme. The scheme is of a funded defined benefit type, providing benefits to certain employees within the T&S Stores Group at the invitation of the Trustees. The pension contributions are based upon the pension costs across the group as a whole. The company's pension cost for the 53 weeks ended 2 January 1999 was £384,000 (1997 - £0). The latest actuarial of the scheme was carried out as at 6 April 1996. Details of this valuation are contained in the group accounts of T&S Stores Plc.

#### **10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1998</u>
	£
Profit for the financial year	93,999
Net increase in shareholders' funds	<u>93,999</u>
Opening shareholders' funds	<u>2</u>
Closing shareholders' funds	<u>94,001</u>

#### **11 BANK GUARANTEES**

The company is party to cross guarantees given in respect of all bank overdrafts of Group undertakings. Group bank overdrafts as at 2 January 1999 were £18,492,000 (1998: £37,952,000).

## **T&S MANAGEMENT SERVICES LIMITED**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **12 ULTIMATE PARENT UNDERTAKING**

The ultimate controlling party and parent undertaking is T&S Stores Plc, a company registered in England and is the only company to prepare group accounts consolidating the results of this company. Copies of the Group accounts may be obtained from the Company Secretary, T&S Stores Plc, Apex Road, Brownhills, Walsall WS8 7TS.

#### **13 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with members of the Group or associates and joint ventures of other Group members as they are a wholly owned subsidiary.