



**A. F. Blakemore and Son Limited
and subsidiary undertakings**

Annual report and accounts
for the year ended 30 April 2001

Registered number: 391135



Chairman's statement

The company and its subsidiaries have continued to perform steadily. Profit before tax and exceptional items has increased from £3.2 million to £3.3 million. The underlying profits of the company have continued to grow well and our profits would have been much higher than the previous year but were held back by poor weather in the summer and autumn of 2000.

During the year Tony Salisbury, who was Managing Director of our Wholesale business, retired and Sam Wilcox was appointed as his successor.

Colin Ellis retired on 4 May 2001 and Geoff Hallam was appointed Managing Director of Tates Limited, as his successor.

I would like to thank Tony and Colin for the contribution they have made for the success and growth of the company over many years.

We have continued to invest heavily in our information technology based control systems and we have completed our internet based website to improve our customer service. We expect major benefits from this investment in the future.

I would also like to thank all members of staff for their part in the continuing success of the company.

G.M. Blakemore
Chairman

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17 October 2001

Directors' report

For the year ended 30 April 2001

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 30 April 2001.

Principal activity and business review

The principal activity of the group continued to be wholesale and retail distribution and the operation of grocery based convenience stores.

A review of the business activities for the year is contained in the Chairman's statement.

The directors expect the general level of activity to continue in the coming year.

Results and dividends

The results and dividends of the group were as follows:

	£'000
Group retained profit at beginning of year	20,314
Prior year adjustment (note 10)	(652)
Group retained profit at beginning of year, as restated	19,662
Group profit for the financial year	2,632
Proposed dividend of £33.66 per share (2000 - £32.64)	(165)
Group retained profit at end of year	22,129

Directors and their interests

The interests of the directors in the share capital of the company at 30 April 2001 were:

	Number of ordinary shares	
	2001	2000
G. M. Blakemore	141	141
P. F. Blakemore	3,020	3,020

Directors' report (continued)

Directors and their interests (continued)

The directors who served during the year, and subsequently, are as shown below:

G. M. Blakemore (Chairman)
P. F. Blakemore
E. Davies
J. W. Giles
W. C. Wilcox (appointed 7 March 2001)
G. Hallam (appointed 5 June 2001)
A. H. Salisbury (retired 9 February 2001)
C. Ellis (retired 4 May 2001)
S. W. Denny (resigned 6 March 2001)

P. F. Blakemore and W. C. Wilcox retire by rotation at the next Annual General Meeting and are eligible for re-election.

Charitable donations

The group contributed £33,200 (2000 - £22,950) to charities during the year.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group ensures that there is effective communication with members of its staff so that they are fully aware of key aspects of the group's business strategy and environment.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Long Acre Industrial Estate
Rosehill
Willenhall
West Midlands
WV13 2JP

By order of the Board,



J. W. Giles

Company Secretary

17 October 2001

Independent Auditors' Report to the Shareholders of A. F. Blakemore and Son Limited

We have audited the financial statements of A. F. Blakemore and Son Limited for the year ended 30 April 2001, which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes numbered 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' report. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company and other members of the group are not disclosed.

We read the Directors' report and Chairman's statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and of the group, 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.

Independent Auditors' Report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 30 April 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Arthur Andersen', is written in a cursive style.

Arthur Andersen

Chartered Accountants and Registered Auditors

Four Brindleyplace

Birmingham

B1 2HZ

17 October 2001

Consolidated profit and loss account

For the year ended 30 April 2001

	Notes	2001 £'000	As restated (note 10) 2000 £'000
Turnover for the group and share of joint ventures	2	480,023	474,633
Less: share in joint ventures' turnover		(676)	-
Group turnover		479,347	474,633
Cost of sales		(422,495)	(419,865)
Gross profit		56,852	54,768
Distribution costs		(47,071)	(45,312)
Administrative expenses		(5,163)	(4,867)
Exceptional item	3	-	(1,070)
Group operating profit		4,618	3,519
Share of operating loss in joint ventures		(120)	-
Operating profit for the group and share of joint ventures		4,498	3,519
Interest receivable - group	4	44	15
Interest payable and similar charges			
- group	5	(1,219)	(1,368)
- joint ventures		(10)	-
Profit on ordinary activities before taxation	6	3,313	2,166
Tax on profit on ordinary activities - group	8	(681)	(793)
Profit on ordinary activities after taxation		2,632	1,373
Dividends paid and proposed	9	(165)	(160)
Retained profit for the year		2,467	1,213
Retained profit, beginning of year	21	19,662	18,449
Retained profit, end of year		22,129	19,662

The profit and loss account for both years relates entirely to continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated statement of total recognised gains and losses

For the year ended 30 April 2001

	2001 £'000	As restated (note 10) 2000 £'000
Profit for the financial year	2,632	1,373
Total recognised gains and losses relating to the year	<u>2,632</u>	<u>1,373</u>
Prior year adjustment (as explained in note 10)	(652)	
Total gains and losses recognised since last annual report and accounts	<u>1,980</u>	

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

Consolidated balance sheet

30 April 2001

	Notes	2001 £'000	As restated (note 10) 2000 £'000
Fixed assets			
Goodwill	11	1,985	1,676
Tangible assets	12(a)	37,961	35,193
Investments in joint ventures			
- Share of gross assets	13(b)	191	-
- Share of gross liabilities	13(b)	(173)	-
		<u>39,964</u>	<u>36,869</u>
Current assets			
Stocks	14	29,504	36,771
Debtors	15	23,585	24,607
Investments	16	2,832	2,832
Cash at bank and in hand		614	16
		<u>56,535</u>	<u>64,226</u>
Creditors: Amounts falling due within one year	17	<u>(71,410)</u>	<u>(74,842)</u>
Net current liabilities		<u>(14,875)</u>	<u>(10,616)</u>
Total assets less current liabilities		<u>25,089</u>	<u>26,253</u>
Creditors: Amounts falling due after more than one year	18	(1,228)	(4,115)
Provisions for liabilities and charges	19	<u>(1,726)</u>	<u>(2,470)</u>
Net assets		<u>22,135</u>	<u>19,668</u>
Capital and reserves			
Called-up share capital	20	5	5
Capital redemption reserve	21	1	1
Profit and loss account	21	<u>22,129</u>	<u>19,662</u>
Shareholders' funds, all equity	22	<u>22,135</u>	<u>19,668</u>

The accompanying notes are an integral part of this consolidated balance sheet.

Signed on behalf of the Board

G. M. Blakemore

Director 

P. F. Blakemore

Director 

17 October 2001

Company balance sheet

30 April 2001

	Notes	2001 £'000	As restated (note 10) 2000 £'000
Fixed assets			
Tangible assets	12(b)	9,634	10,332
Investments	13	5,277	4,962
		<u>14,911</u>	<u>15,294</u>
Current assets			
Stocks	14	20,362	27,592
Debtors – due within one year	15	25,918	26,985
– due after one year	15	11,499	12,448
Investments	16	2,832	2,832
Cash at bank and in hand		7	6
		<u>60,618</u>	<u>69,863</u>
Creditors: Amounts falling due within one year	17	<u>(59,483)</u>	<u>(67,330)</u>
Net current assets		<u>1,135</u>	<u>2,533</u>
Total assets less current liabilities		<u>16,046</u>	<u>17,827</u>
Creditors: Amounts falling due after more than one year	18	<u>(1,226)</u>	<u>(4,094)</u>
Provisions for liabilities and charges	19	<u>(433)</u>	<u>(657)</u>
Net assets		<u>14,387</u>	<u>13,076</u>
Capital and reserves			
Called-up share capital	20	5	5
Capital redemption reserve	21	1	1
Profit and loss account	21	14,381	13,070
Shareholders' funds, all equity		<u>14,387</u>	<u>13,076</u>

The accompanying notes are an integral part of this company balance sheet.

Signed on behalf of the Board

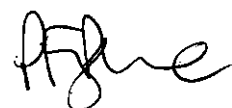
G. M. Blakemore

Director



P. F. Blakemore

Director



17 October 2001

Consolidated cash flow statement

For the year ended 30 April 2001

	Notes	2001 £'000	As restated (note 10) 2000 £'000
Net cash inflow/(outflow) from operating activities	23(a)	19,314	(6,049)
Returns on investment and servicing of finance	23(b)	(1,175)	(1,406)
Taxation		(1,699)	(92)
Capital expenditure and financial investment	23(b)	(4,291)	(1,443)
Acquisitions and disposals	23(b)	(2,412)	(2,825)
Equity dividends paid		(5)	(350)
Cash inflow/(outflow) before financing		<u>9,732</u>	<u>(12,165)</u>
Financing	23(b)	(4,264)	(1,315)
Increase/(decrease) in cash in the year		<u>5,468</u>	<u>(13,480)</u>

Reconciliation of net cash flow to movement in net debt:

	Notes	2001 £'000	2000 £'000
Increase/(decrease) in cash in the year		5,468	(13,480)
Cash outflow from decrease in debt and lease financing		4,264	1,315
New finance leases		(341)	(274)
Movement in net debt in the year		<u>9,391</u>	<u>(12,439)</u>
Net debt at beginning of the year		<u>(24,707)</u>	<u>(12,268)</u>
Net debt at end of the year	23(c)	<u>(15,316)</u>	<u>(24,707)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to accounts

30 April 2001

1 Accounting policies

The group and company prepare accounts under the historical cost convention and in accordance with applicable accounting standards. A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, except for the policy on deferred tax which has been changed, as explained in note 10(a), to comply with Financial Reporting Standard 19 "Deferred tax" and the accounting policy on goodwill which has been reassessed, as explained in note 10(b) with the introduction of Financial Reporting Standard 18 "Accounting policies", is set out below.

a) Basis of consolidation

The consolidated accounts include those of the company and its subsidiary undertakings after eliminating intra-group transactions and balances. The results of subsidiary undertakings acquired are included in the consolidated results from the date of acquisition.

Joint ventures are accounted for under the equity method of accounting, with the group reflecting its share of net assets and retained profit or loss in the consolidated balance sheet and profit and loss account.

In the company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for A. F. Blakemore and Son Limited as permitted by Section 230 of the Companies Act 1985. The company's profit for the financial year, determined in accordance with the Act, was £1,311,000 (2000 - loss £576,000, as restated, note 10).

b) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and retail stores, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, being a maximum of 20 years. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 30 April 1999 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

c) Tangible fixed assets

Tangible fixed assets are shown at acquisition cost, net of depreciation and any provision for impairment.

Retail stores

In the case of retail stores acquired as going concerns, cost comprises the fair value of the separable net assets acquired.

Notes to accounts (continued)

1 Accounting policies (continued)

c) *Tangible fixed assets (continued)*

Leasehold property interests in retail stores are depreciated by writing off the cost, less estimated residual value over the shorter of the period of the lease or useful economic life.

Fixtures and fittings held within retail stores are depreciated at rates as for other assets, as described below.

Other assets

Depreciation is provided at the following annual rates in order to write off the cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Freehold buildings	2% straight-line
Leasehold property	7 - 10%, straight-line or over the term of the lease
Fixtures and fittings	15% reducing balance or 10% - 33% straight-line
Computer installations	14% - 20% straight-line
Motor vehicles	10% - 25% straight-line

No depreciation is provided on freehold land.

d) *Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items, where appropriate.

e) *Current asset investments*

The group and company purchase retail stores for refurbishment and conversion before resale. These stores are recorded within current asset investments at the lower of cost and net realisable value. Cost comprises the purchase cost of the store, excluding the element relating to stocks, but including amounts attributable to the freehold or leasehold property interest, fixtures and fittings, together with any subsequent refurbishment costs.

Net realisable value is based upon the directors' assessment of likely sales proceeds for each store, less anticipated disposal costs.

f) *Turnover*

Group and joint venture turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business.

Notes to accounts (continued)

1 Accounting policies (continued)

g) Rebates and marketing income

Rebates and marketing income are included in the profit and loss account in the period in which the related goods and services are provided.

h) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

j) Vacant property leases

The group makes full provision for the estimated future lease liabilities of currently held vacant properties, on a non discounted basis.

Notes to accounts (continued)

1 Accounting policies (continued)

k) Pension costs

The group provides defined benefit pensions to certain eligible employees. The assets of the pension scheme are held independently of the group. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working lives of scheme members.

2 Segment information

Substantially all the group's turnover and profit on ordinary activities before taxation arose from the principal activity within the UK.

3 Exceptional item

	2001 £'000	2000 £'000
Exceptional item	-	1,070

The exceptional item in 2000 was a one-off payment relating to the exercise of a call-option to secure distribution rights to supply convenience stores in a defined region.

4 Interest receivable - group

	2001 £'000	2000 £'000
Bank interest receivable	44	2
Other interest receivable and similar income	-	13
	<u>44</u>	<u>15</u>

5 Interest payable and similar charges - group

	2001 £'000	2000 £'000
Bank loans and overdrafts	1,113	1,267
Finance leases and hire purchase contracts	51	55
Other loans	55	46
	<u>1,219</u>	<u>1,368</u>

Notes to accounts (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £'000	As restated (note 10) 2000 £'000
Amortisation of goodwill	97	95
Depreciation of tangible fixed assets		
- owned	4,010	3,555
- held under finance leases	283	323
Impairment of tangible fixed assets	60	-
Operating lease rentals		
- plant and machinery	3,939	4,609
- other	6,558	6,184
Auditors' remuneration		
- audit services	80	80
- other services	117	67
	<hr/>	<hr/>

7 Staff costs

Particulars of employees (including executive directors) are as shown below:

Employee costs during the year amounted to:

	2001 £'000	2000 £'000
Wages and salaries	36,607	33,812
Social security costs	2,371	2,249
Other pension costs (note 24(c))	892	738
	<hr/>	<hr/>
	39,870	36,799
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The average monthly number of employees, including part-time employees, was 4,137 (2000 – 4,079).

Remuneration was paid in respect of directors of the company as follows:

	2001 £'000	2000 £'000
Emoluments	645	599
	<hr/>	<hr/>

Notes to accounts (continued)

7 Staff costs (continued)

a) Pensions

The number of directors who were members of pension schemes was as follows:

	2001 Number	2000 Number
Defined benefit schemes	<u>6</u>	<u>6</u>

b) Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2001 £'000	2000 £'000
Emoluments	<u>122</u>	<u>147</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 30 April 2001 was £nil (2000 - £7,600).

8 Tax on profit on ordinary activities - group

	2001 £'000	At restated (note 10) 2000 £'000
<i>Current tax</i>		
UK corporation tax on profits of the year	1,426	1,300
Adjustments in respect of prior years	<u>(272)</u>	<u>(284)</u>
	1,154	1,016
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>(473)</u>	<u>(223)</u>
	681	793
<i>Profit on ordinary activities before taxation</i>		3,313
UK corporation tax at 30%		994
<i>Effects of:</i>		
- expenses not deductible for tax purposes		59
- depreciation for year in excess of capital allowances		373
- adjustments to tax charge in respect of prior years		<u>(272)</u>
		1,154

Notes to accounts (continued)

9 Dividends paid and proposed

	2001 £'000	2000 £'000
Final dividend proposed of £33.66 (2000 - £32.64) per ordinary share	<u>165</u>	<u>160</u>

10 Prior year adjustments

a) *Deferred taxation*

The group's policy for accounting for deferred tax has changed to comply with Financial Reporting Standard 19 "Deferred tax". Previously deferred tax was only provided to the extent that timing differences were expected to reverse in the future without being replaced. Deferred tax is now provided in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The statement of accounting policies describes the full deferred tax policy.

The effects of the change in policy in 2000 are summarised below:

	Group 2000 £'000	Company 2000 £'000
Profit and loss account		
Decrease/(increase) in deferred tax charge for the year	<u>245</u>	<u>(140)</u>
Increase/(decrease) in retained profit for the year	<u>245</u>	<u>(140)</u>
Balance sheet		
(Decrease) in retained profit at start of year	<u>(897)</u>	<u>(127)</u>
(Increase) in deferred tax provision at end of year	<u>(652)</u>	<u>(267)</u>
(Decrease) in net assets and retained profit at end of year	<u>(652)</u>	<u>(267)</u>

The directors consider that the impact of the change in accounting policy on the current year profit and loss account and group and company balance sheet is not significant.

Notes to accounts (continued)

10 Prior year adjustment (continued)

b) Goodwill

The group's policy for accounting for goodwill on store acquisitions has changed, after a review of accounting policies, following the introduction of Financial Reporting Standard 18 "Accounting Policies". The directors have reassessed the value attributed to leasehold property within its retail stores and considered that an element is more appropriately classified as goodwill. The statement of accounting policies describes the full goodwill policy.

The effects of the change in policy are summarised below:

	2001 £'000	2000 £'000
Profit and loss account		
Increase in goodwill amortisation	91	95
Decrease in tangible fixed asset depreciation	(91)	(95)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	2001 £'000	2000 £'000
Balance sheet		
Increase in goodwill	1,774	1,676
Decrease in tangible fixed assets	(1,774)	(1,676)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Notes to accounts (continued)

11 Goodwill

a) Group

	Retail stores £'000	Subsidiary undertakings £'000	Total £'000
Cost			
Beginning of year	-	-	-
Prior year adjustment (note 10)	1,771	-	1,771
Beginning of year, as restated	1,771	-	1,771
Additions	238	168	406
End of year	2,009	168	2,177
Amortisation			
Beginning of year	-	-	-
Prior year adjustment (note 10)	95	-	95
Beginning of year, as restated	95	-	95
Charge for the year	93	4	97
End of year	188	4	192
Net book value			
Beginning of year	-	-	-
Prior year adjustment (note 10)	1,676	-	1,676
Beginning of year, as restated	1,676	-	1,676
End of year	1,821	164	1,985

Additions to subsidiary undertakings in the year are detailed in note 13.

During the year the group acquired 14 stores for cash consideration of £2,140,000. The aggregate book value of net assets acquired was £1,902,000, which equated to fair value. This resulted in goodwill of £238,000.

b) Company

The company had no goodwill at either year end.

Notes to accounts (continued)

12 Tangible fixed assets

a) Group

Tangible fixed assets comprise:

	2001 £'000	As restated (note 10) 2000 £'000
Retail stores	24,814	23,907
Other assets	13,147	11,286
	<u>37,961</u>	<u>35,193</u>

i) Retail stores

The movement in the year was as follows:

	Freehold property £'000	Leasehold property interests £'000	Fixtures and fittings £'000	Total £'000
Cost				
Beginning of year	1,299	20,676	10,979	32,954
Prior year adjustment (note 10)	-	(1,771)	-	(1,771)
Beginning of year, as restated	1,299	18,905	10,979	31,183
Additions	362	2,596	706	3,664
Disposals	(97)	(373)	(389)	(859)
End of year	<u>1,564</u>	<u>21,128</u>	<u>11,296</u>	<u>33,988</u>
Depreciation				
Beginning of year	-	1,979	5,392	7,371
Prior year adjustment (note 10)	-	(95)	-	(95)
Beginning of year, as restated	-	1,884	5,392	7,276
Charge for the year	-	761	1,339	2,100
Disposals	-	(45)	(217)	(262)
Impairment	60	-	-	60
End of year	<u>60</u>	<u>2,600</u>	<u>6,514</u>	<u>9,174</u>
Net book value				
Beginning of year	1,299	18,697	5,587	25,583
Prior year adjustment (note 10)	-	(1,676)	-	(1,676)
Beginning of year, as restated	1,299	17,021	5,587	23,907
End of year	<u>1,504</u>	<u>18,528</u>	<u>4,782</u>	<u>24,814</u>

Notes to accounts (continued)

12 Tangible fixed assets (continued)

a) *Group (continued)*

ii) *Other assets*

The movement in the year was as follows:

	Freehold property £'000	Leasehold property £'000	Fixtures, fittings & computers £'000	Motor vehicles £'000	Total £'000
Cost					
Beginning of year	3,192	1,443	15,835	3,785	24,255
Additions	2,554	8	1,160	397	4,119
Disposals	-	(5)	(2,729)	(220)	(2,954)
End of year	<u>5,746</u>	<u>1,446</u>	<u>14,266</u>	<u>3,962</u>	<u>25,420</u>
Depreciation					
Beginning of year	359	1,072	8,721	2,817	12,969
Charge for the year	38	35	1,786	334	2,193
Disposals	-	(5)	(2,694)	(190)	(2,889)
End of year	<u>397</u>	<u>1,102</u>	<u>7,813</u>	<u>2,961</u>	<u>12,273</u>
Net book value					
Beginning of year	<u>2,833</u>	<u>371</u>	<u>7,114</u>	<u>968</u>	<u>11,286</u>
End of year	<u>5,349</u>	<u>344</u>	<u>6,453</u>	<u>1,001</u>	<u>13,147</u>

Freehold land amounting to £2,585,000 (2000 - £2,585,000) included above has not been depreciated.

Included above are assets held under finance leases with the following net book value:

	2001 £'000	2000 £'000
Motor vehicles	<u>806</u>	<u>710</u>

Notes to accounts (continued)

12 Tangible fixed assets (continued)

b) Company

The movement in the year was as follows:

	Freehold property £'000	Leasehold property £'000	Fixtures, fittings & computers £'000	Motor vehicles £'000	Total £'000
Cost					
Beginning of year	3,192	1,126	15,064	3,757	23,139
Additions	1	3	941	395	1,340
Disposals	-	(5)	(2,625)	(185)	(2,815)
End of year	<u>3,193</u>	<u>1,124</u>	<u>13,380</u>	<u>3,967</u>	<u>21,664</u>
Depreciation					
Beginning of year	359	990	8,572	2,886	12,807
Charge for the year	39	26	1,610	310	1,985
Disposals	-	(5)	(2,594)	(163)	(2,762)
End of year	<u>398</u>	<u>1,011</u>	<u>7,588</u>	<u>3,033</u>	<u>12,030</u>
Net book value					
Beginning of year	<u>2,833</u>	<u>136</u>	<u>6,492</u>	<u>871</u>	<u>10,332</u>
End of year	<u>2,795</u>	<u>113</u>	<u>5,792</u>	<u>934</u>	<u>9,634</u>

Freehold land amounting to £1,957,000 (2000 - £1,957,000) included above has not been depreciated.

Included above are assets held under finance leases and hire purchase contracts with the following net book value:

	2001 £'000	2000 £'000
Motor vehicles	<u>776</u>	<u>660</u>

Notes to accounts (continued)

13 Fixed asset investments

a) *Subsidiary undertakings*

Company

Company investments comprise investments in subsidiary undertakings, all stated at cost.

The subsidiary undertakings, all of which are wholly-owned, registered in England and Wales and included in the consolidated accounts, are as follows:

Company	Principal activity
Complete Shopfitting Limited	Shopfitting
Tates Limited	Operation of grocery based convenience stores
Glade Garland Limited (acquired 26 May 2000)	Property investment
ESC (UK) Limited (acquired 25 April 2000 and 30 March 2001)	Operation of grocery based convenience stores
H M Grice Limited	Dormant
Grice and Gunstone Limited	Dormant
E & S Dunn Wholesale Limited	Dormant
Coupland (Foodmarkets) Limited	Dormant
Blakemore Cash and Carry Limited	Dormant
Blakemore Food Service Limited	Dormant
Blakemore Distribution Limited	Dormant
Blakemore Retail Limited	Dormant

Glade Garland Limited

On 26 May 2000, A. F. Blakemore and Son Limited acquired the entire share capital of Glade Garland Limited for £220,000.

The following table sets out the book values of the identifiable assets and liabilities and their fair value.

	Book/fair value £'000
Fixed assets	180
Debtors	2
Cash	38
Creditors	(2)
Net assets	218
Goodwill	2
	220
Satisfied by	
Cash	220

Notes to accounts (continued)

13 Fixed asset investments (continued)

ESC (UK) Limited

On 25 April 2000, ESC (UK) Limited was incorporated with A. F. Blakemore and Son Limited acquiring one third of the issued share capital for £25,000.

On 30 March 2001, A. F. Blakemore and Son Limited acquired the remaining two thirds of issued share capital for £20,000.

The following table sets out the book values of the identifiable assets and liabilities and their fair value to the group.

	Book/fair value £'000
Fixed assets	216
Stock	62
Debtors	44
Cash	5
Creditors	(448)
Net liabilities	(121)
Goodwill	166
	<hr/> 45
Satisfied by	
Cash	<hr/> 45

b) Joint venture interests

ESC (UK) Limited

On 25 April 2000, ESC (UK) Limited was incorporated with A. F. Blakemore and Son Limited acquiring one third of the issued share capital for £25,000.

The results to 30 March 2001 (to when A. F. Blakemore acquired 100% ownership of ESC (UK) Limited) have been included in the consolidated profit and loss account under the equity method of accounting, with the group reflecting its share of the results.

The results for the period from 31 March 2001 to 30 April 2001 and the balance sheet at 30 April 2001 has been consolidated as a subsidiary undertaking.

Notes to accounts (continued)

13 Fixed asset investments (continued)

b) Joint venture interests (continued)

Croyland Convenience Stores Limited

On 30 March 2000, Croyland Convenience Stores Limited was incorporated with A. F. Blakemore and Son Limited acquiring one third of the issued share capital for £50,000.

The results to 30 April 2001 and the balance sheet at 30 April 2001 have been consolidated under the equity method of accounting, with the group reflecting its share of the results and net assets.

14 Stocks

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	29,504	36,771	20,362	27,592

There is no material difference between the balance sheet value of stocks and their replacement cost.

15 Debtors

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	13,401	15,245	12,034	14,358
Amounts owed by subsidiary undertakings	-	-	5,314	2,651
VAT	-	-	578	1,881
Prepayments and accrued income	10,184	9,362	7,992	8,095
	23,585	24,607	25,918	26,985
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	11,499	12,448
	23,585	24,607	37,417	39,433

Notes to accounts (continued)

16 Current asset investments

The following amounts are included in the net book value of current asset investments:

	2001 £'000	2000 £'000
Retail stores held for resale	<u>2,832</u>	<u>2,832</u>

The movement on retail stores held for resale during the year was as follows:

	2001 £'000	2000 £'000
Beginning of year	2,832	3,185
Additions	-	15
Disposals	-	(368)
End of year	<u>2,832</u>	<u>2,832</u>

Retail stores held for resale comprise stores purchased by the company for refurbishment and conversion before subsequent resale.

17 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts	226	262	207	238
Bank overdrafts (secured)	14,476	19,346	16,106	21,387
Bank loan (secured)	-	1,000	-	1,000
Trade creditors	43,054	44,961	35,298	38,643
Amounts owed to subsidiary undertakings	-	-	1,346	1,553
Other creditors				
- social security and PAYE	707	698	524	459
- UK corporation tax payable	901	1,446	326	243
- VAT	1,867	712	-	-
Proposed dividends	320	160	320	160
Accruals and deferred income	9,859	6,257	5,356	3,647
	<u>71,410</u>	<u>74,842</u>	<u>59,483</u>	<u>67,330</u>

The bank overdrafts totalling £14,476,000 (2000 - £23,346,000, including £4,000,000 bank loan) are secured by an unlimited debenture over the assets of the group.

Notes to accounts (continued)

18 Creditors: Amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	542	429	540	408
Bank loan (secured)	-	3,000	-	3,000
Other loans	686	686	686	686
	<u>1,228</u>	<u>4,115</u>	<u>1,226</u>	<u>4,094</u>

Other loans represent loans from directors. The directors have indicated that no repayment of these loans will be sought prior to 30 April 2002.

Analysis of borrowings

The borrowings outstanding are repayable as follows:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
<i>Within 1 year</i>				
Finance leases	226	262	207	238
Bank overdrafts (secured)	16,586	19,346	16,106	21,387
Bank loan (secured)	-	1,000	-	1,000
	<u>16,812</u>	<u>20,608</u>	<u>16,313</u>	<u>22,625</u>
<i>Between 2-5 years</i>				
Finance leases	434	429	432	408
Bank loans	-	3,000	-	3,000
Other loans	686	686	686	686
	<u>1,120</u>	<u>4,115</u>	<u>1,118</u>	<u>4,094</u>
<i>After 5 years</i>				
Finance leases	108	-	108	-

Notes to accounts (continued)

19 Provisions for liabilities and charges

The following are included in provisions for liabilities and charges:

	Group		Company	
		As restated (note 10)		As restated (note 10)
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Deferred taxation	780	1,253	433	657
Onerous lease rentals	946	1,217	-	-
	<u>1,726</u>	<u>2,470</u>	<u>433</u>	<u>657</u>

a) Deferred taxation

	Group		Company	
		As restated (note 10)		As restated (note 10)
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Accelerated capital allowances	946	1,297	599	705
Other timing differences	(166)	(44)	(166)	(48)
	<u>780</u>	<u>1,253</u>	<u>433</u>	<u>657</u>

The movement in the year is as follows:

	As restated (note 10)	
	Group £'000	Company £'000
Balance at start of the year	601	390
Prior year adjustment (note 10)	652	267
Balance at start of year, as restated	<u>1,253</u>	<u>657</u>
Released during the year	(473)	(224)
Balance at end of the year	<u>780</u>	<u>433</u>

Notes to accounts (continued)

19 Provisions for liabilities and charges (continued)

b) Onerous lease rentals

	Group £'000
Balance at start of the year	1,217
Provided during the year	153
Released during the year	(358)
Utilised during the year	(66)
Balance at end of the year	<u>946</u>

20 Called-up share capital

	2001 £'000	2000 £'000
Authorised		
7,000 Ordinary shares of £1 each	<u>7</u>	<u>7</u>
<i>Allotted, called-up and fully-paid</i>		
4,902 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

Notes to accounts (continued)

21 Statement of reserves

a) Group

	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at start of the year	1	20,314	20,315
Prior year adjustment (note 10)	-	(652)	(652)
Balance at start of the year, as restated	1	19,662	19,663
Retained profit for the year	-	2,467	2,467
Balance at end of the year	1	22,129	22,130

b) Company

	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at start of the year	1	13,337	13,338
Prior year adjustment (note 10)	-	(267)	(267)
Balance at start of the year, as restated	1	13,070	13,071
Retained profit for the year	-	1,311	1,311
Balance at end of the year	1	14,381	14,382

22 Reconciliation of movements in group shareholders' funds

The movement in group shareholders' funds was as follows:

	Group	
	2001 £'000	As restated (note 10) 2000 £'000
Profit for the financial year	2,632	1,373
Dividends paid and proposed	(165)	(160)
Net addition to shareholders' funds	2,467	1,213
Opening shareholders' funds	20,320	19,352
Prior year adjustment (note 10)	(652)	(897)
Opening shareholders' funds, as restated	19,668	18,455
Closing shareholders' funds	22,135	19,668

Notes to accounts (continued)

23 Cash flow information

a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2001 £'000	As restated (note 10) 2000 £'000
Group operating profit	4,618	3,519
Amortisation charges	97	95
Depreciation charges	4,293	3,878
Impairment of tangible fixed assets	60	-
Profit on disposal of fixed assets	(83)	(44)
Decrease/(increase) in stocks	7,360	(10,680)
Decrease/(increase) in debtors	1,090	(607)
Increase/(decrease) in creditors	2,150	(2,037)
Loss in current asset investments	-	6
Decrease in provisions	(271)	(179)
Net cash inflow/(outflow) from operating activities	19,314	(6,049)

b) Analysis of cash flows for headings netted in the cash flow statement

	2001 £'000	As restated (note 10) 2000 £'000
Returns on investments and servicing of finance		
Interest received	44	15
Interest paid	(1,168)	(1,366)
Interest element of finance lease rental payments	(51)	(55)
Net cash outflow from returns on investments and servicing of finance	(1,175)	(1,406)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(5,036)	(2,546)
Sale of tangible fixed assets	745	755
Sale of current asset investments	-	348
Net cash outflow from capital expenditure and financial investment	(4,291)	(1,443)

Notes to accounts (continued)

23 Cash flow information (continued)

b) Analysis of cash flows for headings netted in the cash flow statement (continued)

	2001 £'000	As restated (note 10) 2000 £'000
Acquisitions and disposals		
Purchase of subsidiary undertakings	(265)	-
Net cash acquired with subsidiary undertakings	43	-
Purchase of interest in joint venture	(50)	-
Purchase of retail stores	(2,140)	(2,825)
Net cash outflow from acquisitions and disposals	(2,412)	(2,825)
Financing		
Loan repayments	(4,000)	(1,031)
Capital element of finance lease rental payments	(264)	(284)
Net cash outflow from financing	(4,264)	(1,315)

c) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Non-cash changes £'000	End of year £'000
Cash at bank and in hand	16	598	-	614
Overdrafts	(19,346)	4,870	-	(14,476)
	(19,330)	5,468	-	(13,862)
Debt due within one year	(1,000)	1,000	-	-
Debt due after one year	(3,686)	3,000	-	(686)
Finance leases	(691)	264	(341)	(768)
Total net debt	(24,707)	9,732	(341)	(15,316)

Notes to accounts (continued)

24 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were as follows:

Group

	2001 £'000	2000 £'000
Contracted for but not provided for	<u>148</u>	<u>410</u>

Company

	2001 £'000	2000 £'000
Contracted for but not provided for	<u>8</u>	<u>20</u>

b) Lease commitments

The group leases buildings on short-term and long-term operating leases. The aggregate rentals relating to these premises in the year to 30 April 2001 were £6,558,000 (2000 - £6,184,000). The rentals under these leases are subject to renegotiation at various intervals specified in the lease agreements.

The minimum annual rentals under the leases are:

Group

	Land and buildings		Other	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Operating leases which expire				
- within 1 year	365	170	697	360
- between 2 and 5 years	866	818	4,335	4,233
- after 5 years	6,030	4,899	211	-
	<u>7,261</u>	<u>5,887</u>	<u>5,243</u>	<u>4,593</u>

Company

	Land and buildings		Other	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Operating leases which expire				
- within 1 year	192	-	250	116
- between 2 and 5 years	325	437	1,708	1,707
- after 5 years	2,620	1,687	211	-
	<u>3,137</u>	<u>2,124</u>	<u>2,169</u>	<u>1,823</u>

Notes to accounts (continued)

24 Guarantees and other financial commitments (continued)

c) Pension arrangements

The group operated two defined benefit pension schemes for certain of its employees. On 1 May 1997 all members of the Bates Limited Pension Scheme transferred into the A. F. Blakemore Scheme, and all subsequent pension contributions were paid into this scheme.

The pension cost charge for this scheme during the year was the regular cost of £892,000 (2000 - £738,000). Outstanding contributions of £23,000 (2000 - £7,000) at the year end are included within the balance sheet under accruals and deferred income.

The pension cost and employer's contributions are assessed in accordance with the advice of a professionally qualified actuary using the Projected Unit Method. The latest actuarial review was at 1 May 1999. The principal actuarial assumptions were that salaries would increase by 4.25% per annum, price inflation would be 2.75% and the return on scheme investments would be 6.75%.

At the date of the latest actuarial review, the market value of the assets of the scheme was £13,466,000 and the actuarial value of the assets was sufficient to cover 106% of the benefits that had accrued to members after allowing for expected future increases in earnings.

25 Ultimate controlling party

The largest shareholding in A. F. Blakemore and Son Limited is held by P. F. Blakemore, who is effectively the ultimate controlling party.

26 Related party transactions

Related party transactions with group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated accounts are publicly available.

During the year the group sold goods in the ordinary course of business to its joint venture interest, Croyland Convenience Stores Limited, a new company incorporated in the year, in which A. F. Blakemore and Son Limited own one third of the ordinary share capital. Sales were at cost and totalled £709,000 for the year to 30 April 2001.

27 Subsequent events

In September 2001, the company completed the acquisition of I Mogford and Sons Limited, a cash and carry business located in Newport, Wales.