

149518

TATES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

74 WEEKS ENDED 29th AUGUST 1987



TATES LIMITEDDIRECTORS' REPORT

The directors have pleasure in submitting their report and accounts for the 74 weeks ended 29th August 1987.

Profits and dividends

|   | <u>£</u>       |
|---|----------------|
| The profit for the period attributable to shareholders is | 283,626        |
| Interim dividend paid                                     | (14,685)       |
| Retained profit for the financial period                  | <u>268,941</u> |

The directors do not recommend the payment of a final dividend and the retained profit has been transferred to reserves.

Principal activities and review of business developments

The principal activity of the company is the operation of convenience stores. The company has continued its programme of converting foodmarkets into Lateshopper convenience stores and is actively seeking new sites for Lateshoppers.

Directors and their interests

The directors who served during the period were as follows:

|                  |  |
|------------------|--|
| I.M. Howe        | (Chairman - appointed 7th August 1986) |
| C. Ellis         | (Managing director)                    |
| A.D. Pannell     |  |
| B.W. Myers       |  |
| W.A. Edwards     | (Appointed 13th August 1986)           |
| B. Jarvis        | (Resigned 6th March 1987)              |
| F.R. Mills       | (Appointed 13th August 1986)           |
| W. Postlethwaite | (Appointed 7th August 1986)            |
| J.N. Wild        | (Resigned 7th August 1986)             |
| N. Wall          | (Resigned 7th August 1986)             |

None of the directors had any interest in the share capital of the company at any time during the period.

The interests of the directors in the share capital of the holding company were as follows:

|              | <u>Ordinary shares of 10p each</u> |   |
|--------------|------------------------------------|---|
|              | <u>At 29th August 1987</u>         | <u>At acquisition<br/>(7th August 1986)</u> |
| C. Ellis     | 250                                | -   |
| B. Jarvis    | -                                  | -   |
| B.W. Myers   | -                                  | -   |
| A.D. Pannell | -                                  | -   |

TATES LIMITEDDIRECTORS' REPORT  
(continued)Directors and their interests (continued)

|              | <u>Share units under option</u> |   |
|--------------|---------------------------------|---|
|              | <u>At 29th August 1987</u>      | <u>At acquisition<br/>(7th August 1986)</u> |
| C. Ellis     | 27,356                          | -   |
| B. Jarvis    | -                               | -   |
| B.W. Myers   | 3,356                           | -   |
| A.D. Pannell | 1,678                           | -   |

The interests of Messrs. I.M. Howe, W.A. Edwards, F.R. Mills and W. Postlethwaite in the share capital of the holding company are disclosed in that company's accounts.

Fixed assets

The changes in tangible fixed assets during the period are set out in note 6 on page 10.

Employees

The company makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

Employees are kept informed regarding the company's affairs and are consulted on a regular basis whenever feasible and appropriate.

Auditors

During the period Peat, Marwick, Mitchell & Co. were appointed as auditors of the company. They are now practising under the name of Peat Marwick McLintock and accordingly have signed the audit report in their new name. A resolution concerning their re-appointment as auditors will be proposed at the forthcoming annual general meeting.

By Order of the Board

*A.D. Pannell*

Secretary

24th November 1987

AUDITORS' REPORT TO THE MEMBERS OFTATES LIMITED

We have audited the accounts on pages 4 to 12 in accordance with approved auditing standards

In our opinion the accounts give a true and fair view of the state of affairs of the company at 29th August 1987 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Per Marnick Melnick.*

Birmingham

Chartered Accountants

24th November 1987

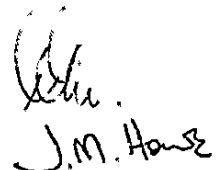
TATES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE 74 WEEKS ENDED 29th AUGUST 1987

|  |      | 1987         | (52 weeks)<br>1986 |
|--|------|--------------|--------------------|
|  | Note | £            | £                  |
| TURNOVER   | 1(b) | 24,399,537   | 16,130,288         |
| Cost of sales                                    |      | (19,836,008) | (13,280,140)       |
| GROSS PROFIT                                     |      | 4,563,529    | 2,850,148          |
| Distribution costs                               |      | (3,554,705)  | (2,183,994)        |
| Administrative expenses                          |      | (586,942)    | (381,883)          |
|  |      | 421,882      | 284,271            |
| Other operating income                           | 2    | 5,949        | 35,282             |
| Interest receivable                              |      | 21,121       | 19,027             |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 2    | 448,952      | 338,580            |
| Tax on profit on ordinary activities             | 3    | (165,300)    | (106,967)          |
| PROFIT FOR THE FINANCIAL PERIOD                  |      | 283,626      | 231,613            |
| Dividends  |      | (14,685)     | (231,613)          |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD         | 11   | 268,941      | -                  |

TATES LIMITEDBALANCE SHEETAT 20th AUGUST 1987

|  |      | 1987               |                    | 20th March<br>1986 |                  |
|--|------|--------------------|--------------------|--------------------|------------------|
|  | Note | £                  | £                  | £                  | £                |
| FIXED ASSETS   |      |                    |                    |                    |                  |
| Tangible assets                                      | 6    |                    | 1,385,125          |                    | 560,226          |
| CURRENT ASSETS                                       |      |                    |                    |                    |                  |
| Stocks   | 7    | 1,234,009          |                    | 1,321,961          |                  |
| Debtors  | 8    | 64,322             |                    | 117,948            |                  |
| Cash at bank and in hand                             |      | 351,330            |                    | 105,804            |                  |
|  |      | <u>1,649,661</u>   |                    | <u>1,545,713</u>   |                  |
| CREDITORS: AMOUNTS<br>FALLING DUE WITHIN<br>ONE YEAR |      |                    |                    |                    |                  |
|  | 9    | <u>(2,777,194)</u> |                    | <u>(2,087,788)</u> |                  |
| NET CURRENT LIABILITIES                              |      |                    | <u>(1,127,533)</u> |                    | <u>(542,075)</u> |
| TOTAL ASSETS LESS<br>CURRENT LIABILITIES             |      |                    | 257,592            |                    | 18,151           |
| PROVISIONS FOR LIABILITIES<br>AND CHARGES            | 10   |                    | <u>(12,000)</u>    |                    | <u>(12,000)</u>  |
| NET ASSETS   |      |                    | <u>245,592</u>     |                    | <u>6,151</u>     |
| CAPITAL AND RESERVES                                 |      |                    |                    |                    |                  |
| Called up share capital                              | 12   |                    | 6,151              |                    | 6,151            |
| Profit and loss account                              | 11   |                    | 239,441            |                    | -                |
|  |      |                    | <u>245,592</u>     |                    | <u>6,151</u>     |

These accounts were approved by the board of directors on 24th November 1987.


 ) DIRECTORS

TATES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS74 WEEKS ENDED 29th AUGUST 1987

|  | <u>1987</u> |                    | <u>(52 weeks)</u><br><u>1986</u> |                  |
|--|-------------|--------------------|----------------------------------|------------------|
|  | <u>£</u>    | <u>£</u>           | <u>£</u>                         | <u>£</u>         |
| <b>SOURCE OF FUNDS</b>   |             |                    |                                  |                  |
| Profit on ordinary activities before taxation                                      |             | 448,952            |                                  | 351,401          |
| Depreciation as adjusted by profits or losses on disposal of tangible fixed assets |             | 167,742            |                                  | 90,854           |
| <b>TOTAL GENERATED FROM OPERATIONS</b>   |             | <b>616,694</b>     |                                  | <b>442,255</b>   |
| <b>FUNDS FROM OTHER SOURCES</b>  |             |                    |                                  |                  |
| Holding company property finance   |             | 550,063            |                                  | -                |
| Sale of tangible fixed assets  |             | 25,068             |                                  | 13,933           |
|  |             | <b>1,191,825</b>   |                                  | <b>456,188</b>   |
| <b>APPLICATION OF FUNDS</b>  |             |                    |                                  |                  |
| Capital expenditure  | 1,017,709   |                    | 244,981                          |                  |
| Goodwill purchased   | 29,500      |                    | -                                |                  |
| Taxation paid  | 122,789     |                    | -                                |                  |
| Amount paid for group tax relief   | -           |                    | 152,326                          |                  |
| Dividends paid   | 246,298     |                    | -                                |                  |
| Special group service charge paid  | -           |                    | 209,644                          |                  |
| Contribution to group profit sharing scheme  | -           |                    | 12,821                           |                  |
| Loan to group company repaid   | -           |                    | 50,186                           |                  |
|  |             | <b>(1,416,296)</b> |                                  | <b>(669,958)</b> |
|  |             | <b>(224,471)</b>   |                                  | <b>(213,770)</b> |
| <b>MOVEMENTS IN WORKING CAPITAL</b>  |             |                    |                                  |                  |
| Increase in creditors  | 419         |                    | 388,296                          |                  |
| Decrease/(increase) in stocks  | 87,952      |                    | (25,159)                         |                  |
| Decrease/(increase) in debtors   | 53,626      |                    | (59,528)                         |                  |
|  |             | <b>469,997</b>     |                                  | <b>103,609</b>   |
| <b>NET INFLOW/(OUTFLOW) OF FUNDS</b>   |             | <b>245,526</b>     |                                  | <b>(110,161)</b> |
| <b>MOVEMENT IN NET LIQUID FUNDS</b>  |             |                    |                                  |                  |
| Increase/(decrease) in cash at bank and in hand                                    |             | <b>245,526</b>     |                                  | <b>(110,161)</b> |

TATES LIMITEDNOTES TO THE ACCOUNTS74 WEEKS ENDED 29th AUGUST 19871. Accounting policies(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Turnover

Turnover consists of takings at the company's stores excluding value added tax.

(c) Depreciation of tangible fixed assets

Depreciation of fixtures, fittings and equipment and motor vehicles is provided on an equal annual instalment basis over the anticipated useful working lives of the assets as follows:

|                                  |              |
|----------------------------------|--------------|
| Fixtures, fittings and equipment | 3 - 10 years |
| Motor vehicles                   | 4 years      |

Leaseholds (including improvements) are amortised over the unexpired portion of the leases. Freehold land is not depreciated. Freehold buildings are maintained to such a standard that, in the opinion of the directors, their residual value is at least equal to their net book value at any given time and, as a result, no depreciation is required.

(d) Stocks

Stocks are valued at the lower of cost, being invoice price to the company, and net realisable value.

(e) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences, to the extent it is probable that liabilities will crystallise in the foreseeable future. The provision is calculated at the ruling rate of taxation of 35%.

(f) Goodwill

Goodwill is written off directly to reserves in the period in which it arises.

(g) Operating leases

The costs of operating leases in respect of land and buildings and other assets are charged to profit on ordinary activities as incurred.



TATES LIMITEDNOTES TO THE ACCOUNTS

74 WEEKS ENDED 29th AUGUST 1987  
(continued)

2. Profit on ordinary activities before taxation

|   | 1987     | (52 weeks)<br>1986 |
|---|----------|--------------------|
|   | <u>£</u> | <u>£</u>           |
| Profit on ordinary activities before taxation |          |                    |
| is stated after accounting for the following: |          |                    |
| Depreciation of tangible fixed assets         | 171,711  | 97,120             |
| Auditors' remuneration                        | 7,500    | 7,000              |
| Profit on disposal of tangible fixed assets   | 3,969    | 6,266              |
| Directors' emoluments (see note 5)            | 130,926  | 82,226             |
| Operating lease costs                         | 338      | -                  |
| Other operating income:                       |          |                    |
| Net rental income from property lettings      | 5,949    | 35,282             |

3. Tax on profit on ordinary activities

|  | 1987           | (52 weeks)<br>1986 |
|--|----------------|--------------------|
|  | <u>£</u>       | <u>£</u>           |
| U.K. corporation tax at 35% based on the   |                |                    |
| adjusted profit on ordinary activities for |                |                    |
| the period (1986: 40%)                     | 165,326        | 122,967            |
| Transfer from deferred taxation            | -              | (16,000)           |
|  | <u>165,326</u> | <u>106,967</u>     |

4. Employee costs

The average number of persons employed by the company in each week during the period was:

|                          | 1987          | (52 weeks)<br>1986 |
|--------------------------|---------------|--------------------|
|                          | <u>Number</u> | <u>Number</u>      |
| Administration           | 33            | 32                 |
| Selling and distribution | 425           | 353                |
|                          | <u>458</u>    | <u>385</u>         |

Employee costs during the period amounted to:

|                       | £                | (52 weeks)<br>£  |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,528,946        | 1,539,409        |
| Social security costs | 160,306          | 118,263          |
| Other pension costs   | 82,972           | 67,701           |
|                       | <u>2,772,224</u> | <u>1,725,373</u> |

IATFS LIMITEDNOTES TO THE ACCOUNTS

74 WEEKS ENDED 29th AUGUST 1987  
(continued)

5. Emoluments of directors

|                                     | <u>1987</u>    | (52 weeks)<br><u>1986</u> |
|-------------------------------------|----------------|---------------------------|
|                                     | <u>£</u>       | <u>£</u>                  |
| Remuneration for executive services | 104,112        | 73,546                    |
| Compensation for loss of office     | 18,125         | -                         |
| Pension contributions               | 8,689          | 8,680                     |
|                                     | <u>130,926</u> | <u>82,226</u>             |

Particulars of emoluments, excluding  
pension contributions, are as follows:

|                       |               |               |
|-----------------------|---------------|---------------|
| Chairman              | -             | -             |
| Highest paid director | <u>34,156</u> | <u>22,209</u> |

The emoluments of the other directors  
were within the following ranges:

|                   | <u>Number</u> | <u>Number</u> |
|-------------------|---------------|---------------|
| £0 - £5,000       | 5             | 1             |
| £15,001 - £20,000 | 1             | 3             |
| £25,001 - £30,000 | <u>2</u>      | <u>-</u>      |

TATES LIMITEDNOTES TO THE ACCOUNTS

74 WEEKS ENDED 29th AUGUST 1987  
(continued)

6. Tangible fixed assets

|                       | <u>Land and buildings</u> |                       |                        | <u>Fixtures, fittings and equipment</u> | <u>Motor vehicles</u> | <u>Total</u> |
|-----------------------|---------------------------|-----------------------|------------------------|---|-----------------------|--------------|
|                       | <u>Freehold</u>           | <u>Long leasehold</u> | <u>Short leasehold</u> |   |                       |              |
|                       | <u>£</u>                  | <u>£</u>              | <u>£</u>               | <u>£</u>                                | <u>£</u>              | <u>£</u>     |
| <u>Cost</u>           |                           |                       |                        |   |                       |              |
| At 30th March 1986    | -                         | -                     | -                      | 963,131                                 | 104,030               | 1,067,161    |
| Additions             | 555,779                   | 20,855                | 15,325                 | 377,048                                 | 48,702                | 1,017,709    |
| Disposals             | -                         | -                     | -                      | (56,546)                                | (38,374)              | (94,920)     |
| At 29th August 1987   | 555,779                   | 20,855                | 15,325                 | 1,283,633                               | 114,358               | 1,989,950    |
| <u>Depreciation</u>   |                           |                       |                        |   |                       |              |
| At 30th March 1986    | -                         | -                     | -                      | 468,361                                 | 38,574                | 506,935      |
| Charge for the period | -                         | -                     | -                      | 139,219                                 | 32,492                | 171,711      |
| Disposals             | -                         | -                     | -                      | (56,091)                                | (17,730)              | (73,821)     |
| At 29th August 1987   | -                         | -                     | -                      | 551,489                                 | 53,336                | 604,825      |
| <u>Net book value</u> |                           |                       |                        |   |                       |              |
| At 29th August 1987   | 555,779                   | 20,855                | 15,325                 | 732,144                                 | 61,022                | 1,385,125    |
| At 29th March 1986    | -                         | -                     | -                      | 494,770                                 | 65,456                | 560,226      |

Included in land and buildings is an amount of £105,000 (1986: Nil) representing the cost of expenditure on premises which were not open for trading at the balance sheet date.

7. Stocks

|                  | <u>1987</u>      | <u>29th March 1986</u> |
|------------------|------------------|------------------------|
|                  | <u>£</u>         | <u>£</u>               |
| Consumables      | 7,920            | 7,116                  |
| Goods for resale | 1,226,089        | 1,314,845              |
|                  | <u>1,234,009</u> | <u>1,321,961</u>       |

TATES LIMITEDNOTES TO THE ACCOUNTS

74 WEEKS ENDED 29th AUGUST 1987  
(continued)

8. Debtors

|                                 | <u>1987</u>   | <u>29th March</u> |
|---------------------------------|---------------|-------------------|
|                                 | <u>£</u>      | <u>1986</u>       |
|                                 |               | <u>£</u>          |
| Trade debtors                   | 6,843         | 32,204            |
| Amounts owed by group companies | -             | 67,276            |
| Other debtors                   | 20,823        | 13,894            |
| Prepayments and accrued income  | 36,656        | 4,574             |
|                                 | <u>64,322</u> | <u>117,948</u>    |

9. Creditors: Amounts falling due within one year

|   | <u>1987</u>      | <u>29th March</u> |
|---|------------------|-------------------|
|   | <u>£</u>         | <u>1986</u>       |
|   |                  | <u>£</u>          |
| Trade creditors   | 1,736,641        | 1,567,568         |
| Amounts owed to group companies                                     | 550,063          | 228,549           |
| Other creditors including taxation and social security              | 424,330          | 248,540           |
| Accruals and deferred income  | 66,160           | 43,131            |
|   | <u>2,777,194</u> | <u>2,087,788</u>  |
| Other creditors including taxation and social security consists of: |                  |                   |
| Corporation tax   | 165,504          | 122,967           |
| Other taxes   | 129,141          | 49,706            |
| Social security   | 20,457           | 11,041            |
| Other creditors   | 109,228          | 64,826            |
|   | <u>424,330</u>   | <u>248,540</u>    |

10. Provisions for liabilities and charges: Deferred taxation

The amounts provided for deferred taxation and the full potential liability, calculated using the liability method, are set out below:

|                                | <u>1987</u>      |                 | <u>29th March</u> |                 |
|--------------------------------|------------------|-----------------|-------------------|-----------------|
|                                | <u>1986</u>      |                 |                   |                 |
|                                | <u>Full</u>      | <u>Amount</u>   | <u>Full</u>       | <u>Amount</u>   |
|                                | <u>potential</u> | <u>provided</u> | <u>potential</u>  | <u>provided</u> |
|                                | <u>liability</u> | <u>provided</u> | <u>liability</u>  | <u>provided</u> |
|                                | <u>£</u>         | <u>£</u>        | <u>£</u>          | <u>£</u>        |
| Accelerated capital allowances | <u>128,517</u>   | <u>12,000</u>   | <u>136,718</u>    | <u>12,000</u>   |

TATES LIMITEDNOTES TO THE ACCOUNTS74 WEEKS ENDED 29th AUGUST 1987

(continued)

11. Profit and loss account

|  | <u>£</u>          |
|--|-------------------|
| As at 30th March 1986                    | -                 |
| Retained profit for the financial period | 268,941           |
| Goodwill written off                     | (29,500)          |
|  | <u>          </u> |
| As at 29th August 1987                   | <u>239,441</u>    |

12. Called up share capital

|                                     | <u>1987</u>       | <u>29th March</u> |
|-------------------------------------|-------------------|-------------------|
|                                     | <u>£</u>          | <u>1986</u>       |
|                                     | <u>£</u>          | <u>£</u>          |
| Authorised:                         |                   |                   |
| Ordinary shares of £1 each          | 10,000            | 10,000            |
|                                     | <u>          </u> | <u>          </u> |
| Allotted, called up and fully paid: |                   |                   |
| Ordinary shares of £1 each          | 6,151             | 6,151             |
|                                     | <u>          </u> | <u>          </u> |

13. Holding company

The ultimate holding company is Kwik Save Group PLC, a company incorporated in England.

14. Capital commitments

|                               | <u>1987</u>       | <u>29th March</u> |
|-------------------------------|-------------------|-------------------|
|                               | <u>£</u>          | <u>1986</u>       |
|                               | <u>£</u>          | <u>£</u>          |
| Contracted                    | 108,500           | 40,200            |
| Authorised but not contracted | -                 | 87,000            |
|                               | <u>          </u> | <u>          </u> |

15. Leasing commitments

The company's annual commitments at 29th August 1987 in terms of rents payable in respect of land and buildings under leases expiring as follows are:

|                   | <u>1987</u>       | <u>29th March</u> |
|-------------------|-------------------|-------------------|
|                   | <u>£</u>          | <u>1986</u>       |
|                   | <u>£</u>          | <u>£</u>          |
| Beyond five years | 4,200             | -                 |
|                   | <u>          </u> | <u>          </u> |

The company has no finance lease obligations.