Jack Richards (Storage) Limited

Directors' report and financial statements

31 May 1997

Registered number 907821



Jack Richards (Storage) Limited

Directors' report and financial statements

Directors

JW Richards
Mrs GE Richards
AJW Richards

Secretary

AJW Richards

Registered office

Industrial Estate
Fakenham
Norfolk
NR21 8NL

Auditors

KPMG
Chartered Accountants
Holland Court
The Close
Norwich
Norfolk
NR1 4DY

Bankers

Barclays Bank PLC
28 High Street
Ely
Cambs
CB4 4LA

Jack Richards (Storage) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 1997.

Principal activity

The principal activity of the company during the year was general warehousing.

Business review

The company employs staff which are recharged to the related undertaking, Jack Richards & Son Limited. The principal activity of the related undertaking is general haulage work.

The results for the year are set out in the profit and loss account on page 6.

Dividend and transfer to reserves

Ordinary dividends of £24,000 were paid during the year. The directors do not recommend the payment of a final dividend. After payment of the dividend the profit for the year retained by the company is £37,086 and is to be transferred to reserves.

Tangible fixed assets

In the opinion of the directors, the market value of the company's freehold land and buildings is not significantly different to the book value.

Directors and directors' interests

The directors who served during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1997	1996
JW Richards	**30**	30
Mrs GE Richards	**30**	30
AJW Richards	**40**	40

Jack Richards (Storage) Limited

Directors' report *(continued)*

Elective resolution

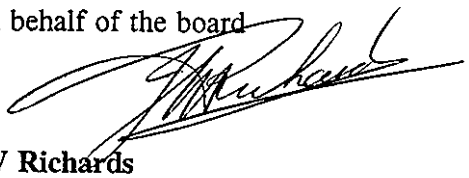
The company has passed an elective resolution dispensing with:

(a) The laying of financial statements and reports before the company in general meeting,

(b) the holding of an annual general meeting,

(c) the obligation to appoint auditors annually.

On behalf of the board



JW Richards
Director

12th September 1997
Fakenham

Jack Richards (Storage) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Holland Court
The Close
Norwich
NR1 4DY

Auditors' report to the members of Jack Richards (Storage) Limited

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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 at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

18 September 1997

Jack Richards (Storage) Limited

Profit and loss account

for the year ended 31 May 1997

	Note	1997 £	1996 £
Turnover	2	**140,092**	138,424
Cost of sales		**(56,263)**	(22,893)
Gross profit		**83,829**	115,531
Administrative expenses		**(1,789,542)**	(68,732)
Other operating income		**1,788,254**	62,237
Operating profit		**82,541**	109,036
Interest payable and similar charges	5	**(2,510)**	(1,164)
Profit on ordinary activity before taxation	3	**80,031**	107,872
Tax on profit on ordinary activity	6	**(18,945)**	(27,330)
Profit for the financial year		**61,086**	80,542
Dividends paid	7	**(24,000)**	(20,000)
Retained profit for the year		**37,086**	60,542
Retained profit brought forward		**280,499**	219,957
Retained profit carried forward		**£317,585**	£280,499

The company has no recognised gains and losses other than the profits shown above.

All turnover and profits relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Jack Richards (Storage) Limited

Balance sheet

at 31 May 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	8		**130,257**		134,957
Current assets					
Debtors	9	**299,897**		228,972	
Creditors: amounts falling due within one year	10	**(111,287)**		(81,682)	
Net current assets			**188,610**		147,290
Total assets less current liabilities			**318,867**		282,247
Provisions for liabilities and charges	11		**(1,182)**		(1,648)
Net assets			**£317,685**		£280,599
Capital and reserves					
Called up share capital	12(a)		**100**		100
Profit and loss account			**317,585**		280,499
Equity shareholders' funds	12(b)		**£317,685**		£280,599

These financial statements were approved by the board of directors on 12 September 1997 and were signed on its behalf by:

JW Richards)
)
GE Richards)

Directors

J.W. Richards

G.E. Richards

The notes on pages 8 to 13 form part of these financial statements.

Jack Richards (Storage) Limited

Notes
(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

A cash flow statement has not been presented as the directors have elected to take advantage of the exemptions available to small companies under Financial Reporting Standard no 1.

(a) ***Basis of accounting***

The financial statements have been prepared in accordance with applicable accounting standards.

(b) ***Depreciation***

The depreciation policies adopted by the company are such as to reduce to residual values the cost of fixed assets over their estimated working lives by the following annual rates:

Freehold buildings	2% straight line
Motor vehicles	25% reducing balance
Plant and machinery	25% reducing balance
Computer and office equipment	25% straight line

Freehold land is not depreciated.

(c) ***Deferred taxation***

Deferred taxation is provided using the liability method on the excess of the book value of plant over its written down value for taxation purposes and other timing differences, to the extent that a liability is likely to crystallise in the foreseeable future, reduced by available tax losses.

(d) ***Operating leases***

Rentals paid under operating leases are charged against income in the year in which incurred.

2 Turnover

Turnover represents income from warehousing during the year, excluding value added tax. All turnover arose in the United Kingdom.

Jack Richards (Storage) Limited

Notes *(continued)*

3 Profit on ordinary activity before taxation

Profit on ordinary activity before taxation is stated after charging/(crediting) the following:

	1997 £	1996 £
Staff costs recharged to related undertaking	(1,717,480)	-
Hire of plant and machinery	-	88
Depreciation of tangible fixed assets	8,912	10,498
Auditors' remuneration	2,250	2,150
Rents receivable	(67,751)	(58,858)
Interest received on late payment of rent	(79)	(13)

4 Staff numbers and costs

From 1 June 1996 the company employed a number of staff previously employed by Jack Richards & Son Limited - see note 14.

The average number of persons employed by the company (including directors) during the year, analysed by category including those referred to above, was as follows:

	Number of employees 1997	1996
Administration	3	3
Recharged to related undertaking	99	-
	102	3

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	1,450,654	-
Social security costs	143,324	-
Other pension costs	2,160	-
	£1,596,138	£-

Jack Richards (Storage) Limited

Notes *(continued)*

5 Interest payable and similar charges

	1997 £	1996 £
Bank charges	**657**	-
On bank loans and overdrafts wholly repayable within five years	**1,853**	1,164
	£2,510	£1,164

6 Taxation

Taxation based on the profit for the year:

	1997 £	1996 £
Corporation tax at 24/21% *(1996:25%)*	**19,600**	28,368
Deferred taxation at 21% *(1996:25%)*	**(202)**	(534)
Overprovision in previous year	**(453)**	(504)
	£18,945	£27,330

7 Dividends

	1997 £	1996 £
Ordinary		
Interim paid of £120 per share *(1996:£100)*	**12,000**	10,000
Second interim paid of £120 per share *(1996:£100)*	**12,000**	10,000
	£24,000	£20,000

Notes *(continued)*

8 **Tangible fixed assets**

	Freehold land and buildings £	Motor vehicles plant and machinery £	Total £
Cost			
At beginning of year	148,891	67,806	216,697
Additions	-	4,212	4,212
Disposals	-	-	-
At end of year	148,891	72,018	220,909
Depreciation			
At beginning of year	38,351	43,389	81,740
Charged in year	2,468	6,444	8,912
Disposals	-	-	-
At end of year	40,819	49,833	90,652
Net book value			
At 31 May 1997	**£108,072**	**£22,185**	**£130,257**
At 31 May 1996	£110,540	£24,417	£134,957

Freehold land and buildings at 31 May 1997 includes land costing £25,512 *(1996:£25,512)* which is not depreciated.

9 **Debtors**

	1997 £	1996 £
Trade debtors	**12,983**	6,664
Prepayments	**20,420**	27,600
Due from related undertakings (note 14)	**266,494**	194,708
	£299,897	£228,972

Notes *(continued)*

10 **Creditors: amounts falling due within one year**

	1997 £	1996 £
Bank overdraft	**28,771**	13,837
Trade creditors	**22,708**	26,791
Amounts owed to related undertakings	**-**	9,313
Other creditors including taxation and social security	**42,346**	5,322
Corporation tax	**13,600**	23,104
Accruals and deferred income	**3,862**	3,315
	£111,287	£81,682

The overdraft from Barclays Bank PLC is secured by a charge over the freehold property of the company and also by a cross guarantee and debenture with related undertakings (see note 13).

11 **Provisions for liabilities and charges**

	1997 £	1996 £
Deferred taxation		
Balance at beginning of year	**1,648**	2,182
Profit and loss account (credit)	**(466)**	(534)
Balance at end of year	**£1,182**	£1,648

The amount provided for deferred taxation represents the full potential liability calculated at 21% *(1996:25%)* and comprises the excess of capital allowances on plant and machinery.

12 (a) **Share capital**

	1997	1996
Authorised		
10,000 ordinary shares of £1 each	**£10,000**	£10,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	**£100**	£100

Notes *(continued)*

12 (b) **Reconciliation of movements in equity shareholders' funds**

	1997 £	1996 £
Profit for the year	**61,086**	80,542
Dividends	**(24,000)**	(20,000)
	37,086	60,542
Opening equity shareholders' funds	**280,599**	220,057
Closing equity shareholders' funds	**£317,685**	£280,599

13 **Contingent liability**

The company has entered into a cross guarantee and debenture covering the borrowings made by the company and related undertakings from Barclays Bank PLC whereby each undertaking is jointly and severally liable to the bank for the borrowings of the other undertakings. The debenture is secured on all the assets of the company and at 31 May 1997 the borrowings of the related undertakings amounted to £278,837 *(1996:£512,547)*.

14 **Related undertaking**

The company is a related undertaking of Jack Richards & Son Limited as both companies are under the control of the directors and their immediate family. Purchases of £57,680 *(1996:£32,427)* and sales of £600 *(1996:£Nil)* were made on an arms length basis during the year.

During the year, a loan to a related undertaking was increased by a further £71,786 bringing the total of the loan to £266,494. This loan is interest free and repayable on demand.

The employees of Jack Richards & Son Limited have been transferred to the company. A recharge was made to the related undertaking of £1,717,480 for the work of employees involved in the business of Jack Richards & Son Limited.

Jack Richards (Storage) Limited

Trading and profit and loss account

(For management purposes only)

31 May 1997

Jack Richards (Storage) Limited

Trading and profit and loss account

for the year ended 31 May 1997

	1997		1996	
	£	£	£	£
Turnover		**140,092**		138,424
Cost of sales				
Labour	**14,940**		11,945	
Repairs	**2,642**		2,221	
Depreciation -				
Motor vehicles	**1,014**		1,352	
Property maintenance	**3,332**		2,847	
Diesel	**2,040**		2,040	
Rent	**30,400**		2,400	
Plant and equipment maintenance	**395**		88	
Vehicle maintenance	**1,500**		-	
		(56,263)		(22,893)
Gross profit		**83,829**		115,531
Administrative expenses				
Light and heat	**607**		554	
Insurance	**3,600**		4,020	
Rates	**25,138**		36,824	
Audit and accountancy	**2,075**		3,050	
Postage and telephone	**1,600**		600	
Sundry (cleaning materials)	**-**		15	
Depreciation -				
Freehold building	**2,468**		2,468	
Office equipment	**5,430**		6,678	
Admin salaries	**29,720**		9,715	
Advertising	**110**		105	
Entertainment	**-**		1,040	
Computer costs	**-**		840	
Consultancy	**-**		2,250	
Pest control	**735**		555	
Legal and professional	**561**		-	
Company registration	**18**		18	
Wages and salaries	**1,717,480**		-	
		(1,789,542)		(68,732)
Other operating income				
Rent received	**67,751**		58,858	
Interest relating to late payment of rent	**79**		13	
Gas agency	**2,344**		2,197	
Interest on rates appeal	**-**		1,058	
Sundry	**-**		111	
Wages and salaries re-charge	**1,718,080**		-	
		1,788,254		62,237
Interest payable and similar charges				
Bank interest and charges		**(2,510)**		(1,164)
Net profit for the year		**£80,031**		£107,872