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THIS IS THE COPY REFERRED TO IN THE ANNEXED CERTIFICATE 2 OF THE ANNUAL RETURN OF THE COMPANY MADE UP TO TWENTY-FIRST JULY 1977

DIRECTOR

SECRETARY.

VIMTO

54

ANNUAL REPORT

YEAR ENDED
31st MARCH
1977

J. N. NICHOLS (VIMTO) LIMITED

J. N. NICHOLS (VIMTO) LIMITED

(Registered in England No. 238303)

Ledson Road,
Wythenshawe,
Manchester.
M23 9NL.

14th June, 1977

To the Ordinary Shareholders:

Dear Sir or Madam,

Your Directors are proposing to make a capitalisation issue of one new Ordinary Share of 25p each for each Ordinary Share of 25p registered in your name at the close of business on 10th June, 1977.

In the accompanying Annual Report and Accounts of the Company the Annual General Meeting is convened for 7th July, 1977 at which meeting two Ordinary Resolutions will be proposed to give effect to this capitalisation issue. The first of these Resolutions (numbered 6 in the Notice of the Meeting) is to increase the authorised share capital from £250,000 (in 1,000,000 Ordinary Shares of 25p) to £750,000. This will provide additional authorised, but unissued, capital available for future use, but no issue will be made which would effectively alter the control of the Company or change the nature of its business without shareholders' prior approval.

The second Resolution (numbered 7 in the Notice of the Meeting) is for the capitalisation of £250,000 out of reserves, which amount will be utilised in paying up in full the proposed 1,000,000 New Ordinary Shares.

The New Ordinary Shares will not be entitled to the final dividend to be declared at the Annual General Meeting (payable on 7th July, 1977 to shareholders on the Register at close of business on 10th June, 1977) in respect of the Company's financial year ended 31st March, 1977, but will otherwise rank *pari passu* with the existing fully paid Ordinary Shares in the capital of the Company.

Subject to the passing of the necessary resolutions, certificates for the New Ordinary Shares (which will be renounceable until 24th August, 1977) will be posted on 8th July, 1977, for dealings to begin on 11th July, 1977.

Application will be made to the Council of The Stock Exchange for the New Ordinary Shares to be admitted to the Official List.

A Proxy Form for use in connection with the Annual General Meeting is enclosed with the Annual Report and Accounts.

Yours faithfully,
P. NICHOLS,
Chairman.

A. G. & W. Ltd., B'ham. L16756

J. N. NICHOLS (VIMTO) LIMITED

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty-eighth Annual General Meeting of the Company will be held at the registered office, Ledson Road, Wythenshawe, Manchester on **Thursday, the 7th day of July, 1977 at 11 a.m.** for the purpose of transacting the following business:

1. To receive and consider the Balance Sheet and Statement of Accounts together with the Directors' and Auditors' Reports for the year ended 31st March, 1977.
2. Declaration of Dividend.
3. Election of Director. The Director retiring by rotation, Mr. G. F. Bridgman, being eligible, offers himself for re-election.
4. To appoint Dearden Farrow as Auditors of the Company until the conclusion of the next General Meeting at which the accounts of the Company are presented.
5. To authorise the Directors to determine the Auditors' remuneration.
6. To consider and, if thought fit, pass the following Resolution:
   "That the authorised capital of the Company be increased from £250,000 to £750,000 by the creation of 2,000,000 Ordinary Shares of 25p each ranking pari passu with the existing Ordinary Shares in the capital of the Company."
7. To consider and, if thought fit, pass the following Resolution:
   "That the sum of £250,000 (being part of the amount standing to the credit of the Profit and Loss Appropriation Account) be capitalised, and be appropriated to the holders of the existing issued Ordinary Shares of 25p each in the capital of the Company, registered as such holders at the close of business on the 10th June, 1977, in proportion to the number of such shares then held by them respectively, and be applied on their behalf in paying up in full at par, 1,000,000 Ordinary Shares of 25p each in the capital of the Company ranking pari passu in all respects with the existing issued Ordinary Shares in the capital of the Company, such new shares to be issued and allotted, credited as fully paid to and amongst such holders in the proportion of one new Ordinary share of 25p for each Ordinary share of 25p then held by them respectively."
8. To transact any business that may be transacted at an Ordinary General Meeting.

Dated this 14th day of June, 1977,
By Order of the Board,
B. KILBY,
Secretary.

Registered Office:
LEDSON ROAD,
MANCHESTER M23 9NL

Any member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

J. N. NICHOLS (VIMTO) LIMITED

Officials of the Company

Directors

P. NICHOLS
Chairman and Joint Managing Director

J. N. NICHOLS, B.A.(Com.)
Joint Managing Director

A. J. PEARSON, B.Sc.Tech.

G. F. BRIDGMAN

P. J. NICHOLS, B.Sc.

Secretary

B. KILBY, F.C.A.

Auditors

DEARDEN FARROW
Chartered Accountants
St. James's Buildings, 89 Oxford Street,
Manchester M1 6FS

Registered Office

Ledson Road, Manchester M23 9NL

Bankers
WILLIAMS & GLYN'S BANK LIMITED
38 Mosley Street,
Manchester M60 2BE

Registrars and Transfer Office
DEARDEN FARROW
St. James's Buildings,
89 Oxford Street,
Manchester M1 6FS

J. N. NICHOLS (VIMTO) LIMITED

Chairman's Statement

To the Shareholders,

I again have much pleasure in submitting my Statement along with the Accounts of your Company for the twelve months ended the 31st March, 1977.

The profit for the year ended 31st March, 1977 after charging Directors' remuneration, but before taxation, amounts to £508,606 (£379,414).

The Directors recommend a Final Dividend of 6p per share. This, together with the Interim Dividend already paid, makes the total Dividend for the year 11·5p per share paid to the shareholders compared with the 7p share last year.

Export sales were again a record at over £2,000,000 and demand continues to increase. There was also a very large increase in the demand for Canned "Vimto" for export which, as mentioned in my last report, is being marketed by Solent Canners. Sales of this product would have been much higher if more cans had been available and, from enquiries received from many markets throughout the world, the potential for increasing sales appears to be considerable.

The volume of sales shows a satisfactory increase both from Wythenshawe and Chorley during the year, helped by the long hot summer and we were fortunate that water supplies were adequate in the North West.

In January work commenced on a new factory and offices at Chorley, to replace the two sites we own there at present. The completion of the development should be in January 1978, when we look forward to consolidating production and warehousing under one roof. This will make for greatly increased profitability, with the potential for a substantial increase in sales, because of the larger area available for stockpiling of all products.

Providing no unforeseen circumstances arise I look forward with confidence to further expansion of sales in the coming year, both in the Home and Export markets.

With regard to current cost accountancy, until the statement of Standard Accounting Practice is finally agreed I feel it would be potentially confusing to shareholders to provide any additional figures in our Accounts.

I must thank most sincerely on your behalf the continued co-operation of all Staff and Employees, without whose support the above results would not be possible.

P. NICHOLS,
Chairman.

14th June, 1977

J. N. NICHOLS (VIMTO) LIMITED

and its wholly owned subsidiary, T. & R. SMITH LIMITED

Report of the Directors

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 31st March, 1977.

ACTIVITIES
The Company and its subsidiary, T. & R. Smith Limited, are both engaged in the Soft Drinks industry. The principal product of the Parent Company is VIMTO, which is sold as a cordial or aerated in bottles and cans. The Subsidiary Company is chiefly concerned with manufacturing and factoring soft drinks. A comprehensive list of Companies' products appears on the inside back cover.

FINANCIAL RESULTS AND STATE OF AFFAIRS

		£	£
The profit for the year, after taxation, amounted to ..			265,518
From which is deducted			
Dividends: Additional payment for 1975/76	2p		
Interim for 1976/77	$3\frac{1}{2}$p		
Dividend paid 6th January, 1977	$5\frac{1}{2}$p	55,000	
Proposed Final	6p	60,000	
			115,000
Transfer to Capital Reserve			45,470
			105,048
To which is added the balance brought forward from last year of			617,259
Leaving a balance to be carried forward of			£722,307

An additional 2p per share was paid with the interim dividend in compliance with the shortfall requirements of the Inland Revenue. The Treasury advised that this amount could be added to the 1975-76 distributions for the purpose of determining the base for future dividends. In the opinion of the Directors, the Company is no longer a close company.
If the proposed Final Dividend is approved by the members, dividend warrants will be posted on 7th July, 1977, or as soon thereafter as possible, to holders registered at the close of business on 10th June, 1977.

FIXED ASSETS
Expenditure on fixed assets during the year amounted to £182,579 compared with £44,178 last year.

EXPORTS
The value of the Companies' exports for the year was £2,102,532, compared with £1,463,021 last year.

DONATIONS AND POLITICAL CONTRIBUTIONS
The Companies made charitable donations amounting to £20 during the year. There were no political contributions.

EMPLOYEES
The average number of employees during the year was 118, and their remuneration totalled £323,730.

DIRECTORS

The following is a list of the Directors of the Parent Company, who served throughout the year, with the relevant shareholdings.

	1977		1976	
	Beneficial Holding	*As Trustees*	*Beneficial Holding*	*As Trustees*
P. Nichols	228,537	24,000	228,537	24,000
J. N. Nichols	110,000	48,000	120,000	48,000
A. J. Pearson	4,000	—	4,000	—
G. F. Bridgman	1,000	—	1,000	—
P. J. Nichols	28,932	—	28,932	—

SUBSTANTIAL SHAREHOLDINGS

The only substantial shareholding, apart from those of the Directors, is in the name of Mrs. G. Dix. This stood at 199,295 shares at 31st March, 1977, and 31st March, 1976.

AUDITORS

The auditors, Dearden & Co., are, as a result of a recent merger, now practising as Dearden Farrow. A Resolution will be submitted at the Annual General Meeting that they be re-appointed auditors.

Dated this 14th day of June, 1977,
By order of the Board,

B. KILBY,
Secretary.

LEDSON ROAD,
MANCHESTER M23 9NL

Report of the Auditors

To the Shareholders of J. N. Nichols (Vimto) Limited

In our opinion the accounts and notes thereon set out on pages 6 to 12 which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of affairs at 31st March, 1977 and of the profit, and source and application of funds for the year ended on that date and comply with the Companies Acts 1948, 1967 and 1976.

DEARDEN FARROW
Chartered Accountants

Dearden Farrow

ST. JAMES'S BUILDINGS, 89 OXFORD STREET,
MANCHESTER M1 6FS

14th June, 1977

Source and Application of Funds

FOR THE YEAR ENDED 31st MARCH, 1977

	1977		1976	
	£	£	£	£
SOURCE OF FUNDS				
Operations:				
Profit before taxation		508,606		379,414
Adjustment for items not involving the movement of funds:				
Depreciation		48,225		39,955
Investment Grant released		(100)		(171)
Funds generated from operations		556,731		419,198
Other sources:				
Net book value of fixed assets sold		1,664		9,699
Sale of Quoted Investments		63,499		24,249
Total Funds generated		621,894		453,146
APPLICATION OF FUNDS				
Purchase of fixed assets	182,579		44,178	
Purchase of Quoted Investments	63,499		23,196	
Dividends paid	90,000		80,000	
Tax paid	187,402		48,283	
Total Funds applied		523,480		195,657
Increase in Working Capital		£98,414		£257,489
Represented by:				
Increase in stock		104,033		51,964
Increase in debtors		194,506		77,013
(Increase) in creditors, excluding taxation and proposed dividend		(213,557)		(11,197)
		84,982		117,780
Movement in net liquid funds:				
Increase (decrease) in cash	13,432		2,650	
(Increase) decrease in bank overdrafts	—		137,059	
		13,432		139,709
		£98,414		£257,489

J. N. NICHOLS (VIMTO) LIMITED
and its Subsidiary Company

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH, 1977

	Notes	1977 £	1977 £	1976 £	1976 £
Turnover	2		4,403,198		3,211,241
Trading Profit			609,448		453,194
Income from Quoted Investments			14,135		17,104
Interest on Deposit Accounts			16,093		5,460
Investment Grants released	3		100		171
			639,776		475,929
Hire of Plant and Machinery		9,272		6,018	
Depreciation		48,225		39,955	
Directors' Emoluments: Fees	4	2,750		2,521	
Other Emoluments		65,623		43,621	
Auditors' Remuneration		5,300		4,400	
			131,170		96,515
Net Profit for the Year, before taxation			508,606		379,414
Taxation	5		243,088		192,221
Net Profit after Taxation			265,518		187,193
Dividends:					
Interim Dividend 22% (14%) paid 6th January 1977		55,000		35,000	
Proposed Final 24% (14%)		60,000		35,000	
			115,000		70,000
Transfer to Capital Reserve	6		45,470		—
Retained and added to Undistributed Profits			105,048		117,193
Balance brought forward, 1st April, 1976			617,259		500,066
Undistributed profits to date carried forward			£722,307		£617,259
Earnings per share	7		26·55p		18·72p
Net Dividend per share			11·5p		7·0p

The Notes on pages 10, 11 and 12 form part of this Profit and Loss Account and the Balance Sheet.

J. N. NICHOLS (VIMTO) LIMITED
and its Subsidiary Company

Consolidated Balance Sheet 31st March 1977

	Notes	1977 £	1977 £	1976 £	1976 £
SHARE CAPITAL					
Issued and authorised: 1,000,000 Shares of 25p each, fully paid			250,000		250,000
Capital Reserve	6	—		7,832	
Profit and Loss Appropriation Account		722,307	722,307	617,259	625,091
Shareholders' Funds			972,307		875,091
Investment Grants Reserve	3		439		539
Capital Employed			£972,746		£875,630
Represented by:					
CURRENT ASSETS					
Quoted Investments at cost (Market value £178,855)		142,013		195,315	
Stock, at lower of cost or net realisable value	8	415,365		311,332	
Sundry Debtors and Prepayments		760,776		566,270	
Cash and Bank balances		16,179	1,334,333	2,747	1,075,664
Deduct:					
Current Liabilities					
Sundry Creditors and Accrued Charges		495,094		281,667	
Corporation Tax		246,308		201,713	
Proposed Final Dividend		60,000		35,000	
Unclaimed Dividends		415	801,817	285	518,665
Net Current Assets			532,516		556,999
Deduct: Deferred Taxation	5		102,265		91,174
			430,251		465,825
FIXED ASSETS	9				
Land and Buildings		342,666		219,485	
Machinery and Plant		145,932		165,359	
Motor Vehicles		44,003		14,822	
Furniture, Fittings and Fixtures		1,736		1,981	
Goodwill and Trade Marks, at cost		8,158	542,495	8,158	409,805
NET ASSETS			£972,746		£875,630

On behalf of the Board

P. NICHOLS } *Directors*
J. N. NICHOLS }

J. N. NICHOLS (VIMTO) LIMITED

Balance Sheet 31st March 1977

	Notes	1977 £	1977 £	1976 £	1976 £
SHARE CAPITAL					
Issued and authorised: 1,000,000 Shares of 25p each, fully paid			250,000		250,000
Capital Reserve	6	—		11,024	
Profit and Loss Appropriation Account	10	655,979		594,537	
Investment Grants Reserve	3	439	656,418	539	606,100
Capital Employed			£906,418		£856,100
Represented by:					
CURRENT ASSETS					
Quoted Investments at cost (Market value £178,855)		142,013		195,315	
Stock, at lower of cost or net realisable value		320,550		235,674	
Sundry Debtors and Prepayments	8	703,423		521,709	
Cash and Bank balances		133,718	1,299,704	39	952,737
Deduct:					
Current Liabilities					
Bank Overdraft (Secured)		—		30,265	
Sundry Creditors and Accrued Charges		396,175		242,913	
Corporation Tax		236,308		178,846	
Proposed Final Dividend		60,000		35,000	
Unclaimed Dividends		415	692,898	285	487,309
Net Current Assets			606,806		465,428
Deduct: Deferred Taxation	5		31,689		25,859
			575,117		439,569
Subsidiary Company:					
T. & R. Smith Ltd.—Shares at cost		122,372		122,372	
Current Account		(62,413)	59,959	32,091	154,463
FIXED ASSETS	11				
Land and Buildings		183,206		187,306	
Machinery and Plant		57,154		62,051	
Motor Vehicles		30,098		11,898	
Furniture, Fittings and Fixtures		784		713	
Goodwill and Trade Marks, at cost		100	271,342	100	262,068
NET ASSETS			£906,418		£856,100

On behalf of the Board

P. NICHOLS } *Directors*
J. N. NICHOLS

P. Nichols
J N Nichols

J. N. NICHOLS (VIMTO) LIMITED
and its Subsidiary Company

Notes to the Accounts

1. Accounting policies.
   (a) Depreciation of fixed assets other than Freehold Land is calculated on a straight line basis over their estimated useful lives.
   (b) Deferred Taxation is calculated at the appropriate rate of corporation tax for each year on the amount by which taxation allowances exceed the charge for depreciation on those assets qualifying for allowances, excluding buildings. It also includes tax deferred by reason of stock increase relief, which is estimated at £50,615 and which may be repayable at an unspecified future date. Advanced Corporation Tax due on the proposed final dividend has been deducted from the deferred tax account.
   (c) Investment grants received have been treated as a deferred credit, for transfer to the Profit and Loss Account in instalments over the same period as depreciation is written off the relevant assets. Other capital grants have been credited to the relevant asset accounts.
   (d) All repairs and renewals are written off as incurred.
2. Turnover represents the net amount invoiced to customers during the year (excluding sales taxes).

	Group		J. N. Nichols (Vimto) Ltd.	
	1977	1976	1977	1976
	£	£	£	£
3. Investment Grants Reserve:				
Balance, 1st April, 1976	539	710	539	639
Less Proportion released to Profit and Loss Account	100	171	100	100
Balance, 31st March, 1977	£439	£539	£439	£539

4. The Chairman's emoluments for 1977 were £18,667 (1976: £15,247), which includes the Company's portion of pension contributions. The other Directors' emoluments, similarly including pension contributions, fall within the following bands:

	1977	1976
Up to £2,500	1	2
£12,501—£15,000	1	2
£15,501—£17,500	1	—
£17,501—£20,000	1	—
Senior Employees' emoluments	1977	1976
£10,001—£12,500	1	—

	1977	1976
	£	£
5. Taxation: J. N. Nichols (Vimto) Ltd. and subsidiary company		
Corporation Tax at 52% (52%) on the profit for the year	213,587	180,562
Tax Credit on U.K. Dividends received	+4,947	+5,971
Deferred Tax transfers and adjustments	+24,554	+5,688
	£243,088	£192,221

	Group		J. N. Nichols (Vimto) Ltd.	
	1977	1976	1977	1976
	£	£	£	£
Deferred Taxation:				
Balance, 1st April, 1976	91,174	82,719	25,859	28,918
Transfers in respect of current year	+24,554	+3,071	+19,293	+8,552
Adjustments in respect of prior years	+18,846	+24,230	+18,846	+7,235
Transfer—Advance Corporation Tax on Final Dividend	—32,309	—18,846	—32,309	—18,846
Balance, 31st March, 1977	£102,265	£91,174	£31,689	£25,859

6. Capital Reserve:

	Group 1977	Group 1976	J. N. Nichols (Vimto) Ltd. 1977	J. N. Nichols (Vimto) Ltd. 1976
	£	£	£	£
Balance, 1st April, 1976	7,832	6,548	11,024	9,740
Less Loss on sale of investments	53,302	—	53,302	—
Add Profit on sale of investments	—	1,284	—	1,284
Transfer to Profit and Loss Account	45,470	—	42,278	—
Balance, 31st March, 1977	Nil	£7,832	Nil	£11,024

The holding of 500,000 units in the Target Preference Share Fund, which cost £116,801, was sold during the year. This resulted in a loss of £53,302, which was transferred to the Capital Reserve.

7. The calculations of earnings per share is based on earnings of £265,518 (£187,193) and 1,000,000 shares in issue during both years.

8. Sundry debtors and prepayments include £16,120 in respect of Advance Corporation Tax deemed to be recoverable against future corporation tax liabilities.

9. Fixed Assets
J. N. Nichols (Vimto) Ltd and subsidiary company

	Land and Buildings 1977	Land and Buildings 1976	Machinery and Plant 1977	Machinery and Plant 1976	Motor Vehicles 1977	Motor Vehicles 1976	Furniture, Fixtures and Fittings 1977	Furniture, Fixtures and Fittings 1976
	£	£	£	£	£	£	£	£
At cost, 1st April, 1976 ..	244,345	244,764	257,159	243,853	65,357	64,779	5,891	5,996
Additions during year, at cost	127,991	—	5,283	30,753	49,071	13,391	234	34
Cost of sales during year ..	—	419	7,336	17,447	11,039	12,813	50	139
At cost, 31st March, 1977 ..	372,336	244,345	255,106	257,159	103,389	65,357	6,075	5,891
Depreciation	29,670	24,860	109,174	91,800	59,386	50,535	4,339	3,910
Net asset value	£342,666	£219,485	£145,932	£165,359	£44,003	£14,822	£1,736	£1,981
Freehold	9,854	9,854						
Long Leasehold	332,812	209,631						

10. Profit and Loss Appropriation Account: J. N. Nichols (Vimto) Ltd.

	1977	1976
	£	£
Balance, 1st April, 1976	594,537	492,338
Undistributed Profit for the year	61,442	102,199
Balance, 31st March, 1977, bing undistributed profits to date	£655,979	£594,537

11. Fixed Assets

J. N. Nichols (Vimto) Ltd.

	Land and Buildings, Long Leasehold		Machinery and Plant		Motor Vehicles		Furniture, Fixtures and Fittings	
	1977	1976	1977	1976	1977	1976	1977	1976
	£	£	£	£	£	£	£	£
At cost, 1st April, 1976 ..	205,748	206,167	96,999	93,024	35,070	33,197	2,483	2,483
Additions during year, at cost	—	—	4,852	20,697	31,834	11,437	234	—
Cost of sales during year ..	—	419	7,336	16,722	8,786	9,564	50	—
At cost, 31st March, 1977..	205,748	205,748	94,515	96,999	58,118	35,070	2,667	2,483
Depreciation	22,542	18,442	37,361	34,948	28,020	23,172	1,883	1,770
Net asset value	£183,206	£187,306	£57,154	£62,051	£30,098	£11,898	£784	£713

12. Capital commitments at 31st March, 1977 amounted to £628,000 (1976: £22,000).

13. Finance Act 1965
The market value of the Company's shares on the 6th April, 1965 for the purposes of Capital Gains was 74p.
The Directors are of the opinion that the Company is no longer a close company for the purposes of this Act.

List of Products

J. N. NICHOLS (VIMTO) LIMITED

Vimto Cordial

Sparkling Vimto in Cans and Bottles

Blackcurrant Cordial

Peppermint Cordial

Sarsaparilla Cordial

Fruit Compounds and Essences

T. & R. SMITH LIMITED

Sunglora and Gloria squashes, cordials
and mineral waters