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Manor Bakeries Limited

Report of the directors

The directors submit their report for presentation to the members at the annual general meeting to be held at Sheer House, West Byfleet, Surrey on 28th November, 1980.

Directors

R.F. Lister (Chairman)	W. Cook
J.G. Rose	D.A. Franklin
R.D. Nurse	W.E. Cartwright
J.F. Ridgway	C.K. Watson
J.R. Kinloch	J.G. Palmer

Secretary

G.K. Watson

Registered office

Sheer House, West Byfleet, Surrey.

This report accompanies the accounts of the company for the financial year ended 30th August, 1980.

Accounts

The profit for the financial year, after providing for depreciation and charging taxation, is

£2,741,948  
=====

which the directors recommend be paid as a dividend (under election, without incurring a liability to pay advance corporation tax) in respect of the financial year, leaving no balance of unappropriated profit.

Fixed assets

The company's freehold and long term leasehold properties are included in the balance sheet at their valuation at 2nd September, 1978, with subsequent additions at cost, as reduced by depreciation.

Additions to fixed assets during the year amounted to £1,150,200 of which £58,408 were transfers from fellow subsidiary companies; £217,594 represented additions to factories and depots including the acquisition of three depots, £762,898 was new plant and machinery and £169,708 new road transport. One depot and three sub-depots were closed during the year and the related leasehold properties sold.

Principal activity

The company is concerned mainly in the production and sale of bakery products.

19 JUN 1981

Directors' share, stock and debenture interests

<u>Name of director</u>	<u>Description of interest in Ranks Hovis McDougall Limited</u>	<u>Amount of interests in Ranks Hovis McDougall Limited</u>	
		<u>At beginning of financial year</u>	<u>At end of financial year</u>
R.F. Lister	Details not notified; not required as Mr. Lister is also a director of a body corporate of which the company is a wholly owned subsidiary.		
J.G. Rose	Ordinary 25p shares (1p paid) *See note below	17,316	17,316
	Ordinary 25p shares, fully paid *See note below	4,329	4,329
	Options to subscribe for ordinary 25p shares	102,034	113,600
R.D. Nurse	Options to subscribe for ordinary 25p shares	44,703	71,911
J.F. Ridgway	Options to subscribe for ordinary 25p shares	43,690	63,920
J.R. Kinloch	Options to subscribe for ordinary 25p shares	66,897	92,863
W. Cook	Ordinary 25p shares, fully paid	9,510	-
	Options to subscribe for ordinary 25p shares	42,626	42,626
D.A. Franklin	Ordinary 25p shares, fully paid	-	4,228
	Options to subscribe for ordinary 25p shares	4,228	-
W.E. Cartwright	Options to subscribe for ordinary 25p shares	2,960	2,960
C.K. Watson	Options to subscribe for ordinary 25p shares	1,480	1,480
J.G. Palmer	Options to subscribe for ordinary 25p shares	3,868	3,868

\*Note: Generally non-transferable and without voting or dividend rights until the partly paid shares are fully paid.

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Exports

Goods to the value of £12,295 have been exported by the company from the United Kingdom during the financial year.

Auditors

It will be proposed at the annual general meeting that pursuant to Section 14(1) of the Companies Act 1976 Messrs. Hodgson, Harris & Co., chartered accountants, be reappointed as the auditors of the company.

By order of the board



Secretary

West Byfleet 28th November, 1980

HODGSON, HARRIS & CO.  
CHARTERED ACCOUNTANTS

Report of the auditors to the members of  
Manor Bakeries Limited

In our opinion, the accounts on pages 5 to 12, which have been prepared under the historical cost convention, including the revaluation of certain assets, give a true and fair view of the state of affairs at 30th August, 1980 and of the profit and the source and application of funds for the financial year ended on that date and comply with the Companies Acts, 1948 and 1967.

*Hodgson, Harris & Co.*

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London 28th November, 1980

Manor Bakeries LimitedProfit and loss account for the financial year ended  
30th August, 1980

<u>Notes</u>		<u>1980</u>	<u>1979</u>
		<u>£</u>	<u>£</u>
B	Turnover	<u>£70,262,550</u>	<u>£55,469,605</u>
C	Profit on trading	4,964,834	2,489,327
	Interest received	938	683
		<u>4,965,772</u>	<u>2,490,010</u>
D	Taxation	<u>2,223,824</u>	<u>1,303,200</u>
		<u>2,741,948</u>	<u>1,186,810</u>
	Proposed dividend for the year (payable without a liability to advance corporation tax)	<u>2,741,948</u>	<u>1,178,810</u>
	Transfer to reserves	<u>Nil</u>	<u>£ 8,000</u>

HODGSON, HARRIS &amp; CO.

Manor Bakeries LimitedBalance sheet at 30th August, 1980

<u>Notes</u>		<u>1980</u>	<u>1979</u>
		<u>£</u>	<u>£</u>
E	Share capital	10	10
F	Reserves	1,258,124	1,276,042
		<u>1,258,134</u>	<u>1,276,052</u>
G	Deferred taxation	811,246	725,666
		<u>2,069,380</u>	<u>2,001,718</u>
H	Loan from holding company	6,080,579	5,095,126
		<u>£8,149,959</u>	<u>£7,096,844</u>
I	Fixed assets	7,394,692	6,969,351
J	Net current assets	755,267	127,493
		<u>£8,149,959</u>	<u>£7,096,844</u>

HODGSON. HARRIS &amp; CO.

*M. D. D. D.*  
*B. K. Watson*

Directors

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Manor Bakeries Limited

Notes on the accounts for the financial year  
ended 30th August, 1980

A Accounting policies

(a) Depreciation

No depreciation is provided on land. Other fixed assets are depreciated on a straight line basis over their estimated useful lives within the following ranges of depreciation rates.

Freehold properties	1.33% to 4% per annum
Long term leasehold properties	2% per annum
Short term leasehold properties	2.5% to 10% per annum
Plant and equipment	5% to 25% per annum
Road transport	20% per annum

Effect is also given to commercial and technical obsolescence.

(b) Stocks

Stocks and work in progress are valued at the lower of cost, including an addition for production overheads where appropriate, and net realisable value.

(c) Deferred taxation

Deferred taxation is accounted for on all short term timing differences; on all other timing differences, it is accounted for only to the extent that it is considered such differences may reverse themselves in the foreseeable future. Provision for deferred taxation on timing differences other than for increases in stock values was formerly dealt with on a group basis. Where applicable the appropriate comparative figures have been restated.

(d) Investment grants

Investment grants are credited to profit and loss account over the estimated average life of the related fixed assets. The unappropriated balance of investment grants is carried forward in reserves.

B Turnover

	<u>1980</u>	<u>1979</u>
Net sales as invoiced to customers	£70,262,550 =====	£55,469,605 =====

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Notes on the accounts for the financial year ended  
30th August, 1980 (continued)

	<u>1980</u> £	<u>1979</u> £
<b>C Profit on trading</b>		
after crediting		
Transfer from investment grants reserve	17,918	17,917
Exceptional item - consequential loss claim on bakery fire - amount received on account	300,000	-
and after debiting		
Depreciation	600,857	602,800
Hire of plant, machinery and road transport	212,533	146,819
Auditors' remuneration	20,482	16,174
Directors' emoluments		
For services as directors	-	-
For other services	108,694	95,627
Directors' emoluments (other than contributions under pension schemes) include		
Chairman	-	-
Highest paid director	21,226	17,908
Number of directors whose emoluments (other than contributions under pension schemes) are	<u>Number</u>	<u>Number</u>
Not more than £5,000	5	6
Between £10,001 and £15,000	1	4
Between £15,001 and £20,000	3	1
Between £20,001 and £25,000	1	-
<b>D Taxation</b>	<u>1980</u> £	<u>1979</u> £
On profit of the financial year		
Payment for surrender of group relief	2,138,244	1,311,200
Deferred taxation in respect of stock relief	248,814	-
	<u>2,387,058</u>	<u>1,311,200</u>
Deferred taxation released in respect of prior years		
Stock relief	163,234	-
Capital allowances	-	8,000
	<u>£2,223,824</u> =====	<u>£1,303,200</u> =====

The charge to corporation tax for the year, at 52%, has been relieved by losses surrendered under the group relief provisions by a fellow subsidiary company in consideration for payment of a similar amount.

If deferred taxation had been provided in full the total tax charge would have been £2,628,899 (1979 £1,303,200).



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Notes on the accounts for the financial year ended  
30th August, 1980 (continued)

E	<u>Share capital</u>	<u>Authorised</u>	<u>1980</u>	<u>1979</u>
			<u>Issued and</u> <u>fully paid</u>	<u>Issued and</u> <u>fully paid</u>
	Ordinary shares of £1 each	£1,000 =====	£10 ==	£10 ==
F	<u>Reserves</u>			
	<u>Investment grants reserve</u>		<u>1980</u> £	<u>1979</u> £
	At 1st September, 1979		53,753	71,670
	Transfer to profit and loss account		17,918	17,917
	At 30th August, 1980		£35,835 =====	£53,753 =====
	<u>Other reserves</u>			
	At 1st September, 1979 as previously stated		1,542,289	1,542,289
	Adjustment for change in accounting policy relating to deferred taxation, capital allowances		(320,000)	(328,000)
	As restated		1,222,289	1,214,289
	Transfer from profit and loss account		-	8,000
	At 30th August, 1980		£1,222,289 =====	£1,222,289 =====
	<u>Total reserves at 30th August, 1980</u>		£1,258,124 =====	£1,276,042 =====
G	<u>Deferred taxation</u>			
	In respect of			
	Capital allowances		320,000	320,000
	Stock relief		491,246	405,666
			£811,246 =====	£725,666 =====
	The full potential liabilities are, for,			
	Capital allowances		2,238,917	1,997,076
	Stock relief		654,480	405,666
			£2,893,397 =====	£2,402,742 =====

No provision is considered necessary in respect of the potential tax liabilities on capital gains which might arise in the event of the disposal of revalued properties at the amounts at which they are included in the balance sheet; nor is any provision considered necessary in respect of capital gains deferred under the roll-over relief provisions which are dealt with on a group basis.

Manor Bakeries Limited

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Notes on the accounts for the financial year ended  
30th August, 1980 (continued)

H Loan from holding company

The loan from the holding company is unsecured and bears no interest.

I <u>Fixed assets</u>	<u>1979</u> £	<u>Additions</u> £	<u>Disposals</u> £	<u>1980</u> £
Cost or valuation				
Freehold properties	3,072,112	181,781	-	3,253,893
Leasehold properties				
Long term	325,000	928	-	825,928
Short term	93,852	34,885	(2,122)	126,615
Plant and equipment	4,814,873	762,898	(275)	5,577,496
Road transport	1,843,315	169,708	(261,049)	1,751,974
	<u>£10,649,152</u> =====	<u>£1,150,200</u> =====	<u>£(263,446)</u> =====	<u>£11,535,906</u> =====
Depreciation	<u>1979</u> £	<u>Provided during the year</u> £	<u>On disposals and group transfers</u> £	<u>1980</u> £
Freehold properties	66,168	72,910	499	139,577
Leasehold properties				
Long term	19,378	19,362	-	38,740
Short term	18,748	6,101	5,595	30,444
Plant and equipment	2,341,954	329,584	30,582	2,702,120
Road transport	1,233,553	172,900	(176,120)	1,230,333
	<u>£3,679,801</u> =====	<u>£600,857</u> =====	<u>£(139,444)</u> =====	<u>£4,141,214</u> =====
Net book value	<u>£6,969,351</u> =====			<u>£7,394,692</u> =====
Cost or valuation comprises			<u>1979</u> £	<u>1980</u> £
Cost			6,667,612	7,529,366
Valuation	Year 1955		28,505	28,505
	Year 1969		187,035	187,035
	Year 1978		3,766,000	3,791,000
			<u>£10,649,152</u> =====	<u>£11,535,906</u> =====

Manor Bakeries Limited

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Notes on the accounts for the financial year ended  
30th August, 1980 (continued)

**I Fixed assets (continued)**

The gross depreciable amounts of fixed assets at 30th August, 1980 are the same as the cost or valuation, except for freehold properties where the gross depreciable amount is £3,083,435 (1979 £2,981,112).

Opening balances have been restated for amounts reclassified during the year.

<b>J Net current assets</b>	<u>1980</u> £	<u>1979</u> £
<b>Current assets</b>		
Stocks		
Raw materials	966,671	760,247
Packing and wrapping materials	781,684	493,664
Finished goods	1,296,406	641,091
Consumable stores	157,869	140,712
	<u>3,202,636</u>	<u>2,035,714</u>
Debtors	11,898,891	8,839,348
Cash and bank balances	30,167	41,900
Due from fellow subsidiary companies	906,715	839,680
	<u>£16,038,409</u>	<u>£11,756,642</u>
	=====	=====
<b>Current liabilities</b>		
Creditors	9,284,790	8,404,789
Proposed dividend	2,741,948	1,178,810
Bank overdraft	3,997	-
Due to fellow subsidiary companies	3,252,407	2,045,550
	<u>£15,283,142</u>	<u>£11,629,149</u>
	=====	=====
<b>Net current assets</b>	<u>£755,267</u>	<u>£127,493</u>
	=====	=====

**K Commitments**

Capital expenditure contracted for	<u>£636,000</u>	<u>£121,000</u>
	=====	=====
Capital expenditure authorised by the directors but not contracted for	<u>£479,000</u>	<u>£563,000</u>
	=====	=====
Forward contracts for the purchase of ingredients and packaging at 30th August, 1980 totalled £9,201,000 (1979 £5,677,000).		

**L** The Company's ultimate holding company is Ranks Hovis McDougall Limited, a company incorporated in England.

Manor Bakeries Limited  
Source and application of funds statement  
for the financial year ended 30th August, 1980

Source of funds	1980	1979
	£	£
Profit before taxation	4,965,772	2,490,010
Items not involving movement of funds		
Depreciation less transfer of grants and excluding gain or loss on disposal of fixed assets	608,491	593,922
<u>Total generated from operations</u>	<u>5,574,263</u>	<u>3,083,932</u>
<u>Funds from other sources</u>		
Disposal of fixed assets	68,199	37,757
	<u>£5,642,462</u>	<u>£3,121,689</u>
	=====	=====
<u>Application of funds</u>		
Additions to fixed assets (including £28,157 at net book values transferred from other group members)	1,119,949	608,694
Dividends paid during the year	1,178,810	1,070,606
Payment to fellow subsidiary company for surrender of group relief	1,311,200	737,940
Increase in net current assets		
Balances with fellow group companies	(1,298,231)	194,923
Stocks	1,166,922	340,413
Debtors	3,059,543	1,498,286
Creditors	(880,001)	(1,442,645)
	<u>2,048,233</u>	<u>590,977</u>
	<u>£5,658,192</u>	<u>£3,008,217</u>
	=====	=====
Decrease/(increase) in net liquid funds for the year	£15,730	£(113,472)
	=====	=====