

Manor Bakeries Limited

Report and Financial Statements

27 April 2002

Registered Number: 285602



MANOR BAKERIES LIMITED

Annual report and financial statements for the fifty two weeks ended 27 April 2002

CONTENTS

	Page
Report of the directors	1
Independent auditors' report to the members of Manor Bakeries Limited	4
Profit and loss account	5
Statement of historical cost profits and losses	6
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes to the financial statements	8

MANOR BAKERIES LIMITED

Report of the directors for the fifty two weeks ended 27 April 2002

The directors present their report together with the audited financial statements for the fifty two weeks ended 27 April 2002.

Principal activities, trading review and future developments

The principal activity of the company throughout the year continued to be the production and sale of bakery products.

The directors are satisfied with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

Results and dividends

The profit and loss account is set out on page 5 and shows the results for the year.

No interim dividend was paid in the year (2001: £9,000,000). The directors do not propose a final dividend for the year (2001: £nil).

Directors

The directors who served the company during the period and their interests in the ordinary shares of RHM Group One Limited, are:

	27 April 2002*	28 April 2001**
A J R Brown	39,598	39,598
B J Grant	19,622	19,622
M B Woodmore	36,155	36,155
M J Schurch (appointed 1 August 2001)	51,648	51,648
I W Ruddick (resigned 31 March 2002)	41,320	41,320

* or date of resignation, if earlier

** or date of appointment, if later

On 1 July 2002 A J R Brown resigned as a director and P Baker was appointed as a director.

No director has any material interest in any contract or arrangement subsisting during the year with the company.

Research and development

Applied research and development work continues to be directed towards the introduction of new and improved products, the application of new technology to reduce unit and operating costs and to improve service to customers.

Charitable and political contributions

During the year the company made charitable donations of £4,278 (2001: £2,000). The company made no political contributions.

MANOR BAKERIES LIMITED

Report of the directors for the fifty two weeks ended 27 April 2002 (continued)

Employees

The company recognises the importance of encouraging all employees to contribute to the achievements of the company. It has a comprehensive set of employment practices designed to achieve that objective. In particular the company's equal opportunities policy is designed to create an environment in which all employees are encouraged to develop their individual potential whatever their sex, race, religion, colour, age or disability. The same opportunities for training, career development and promotion are available to all employees including those with disabilities, in so far as that disability does not prevent them from performing their job or any suitable alternative available job. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned.

Consultation with employees or their representatives takes place at all levels; there is an RHM European Employment Forum (which satisfies the requirements of the European Works Council Directive) and other communication processes appropriate to the company's businesses. These are designed to ensure that employees' views are taken into account when decisions are made that are likely to affect their interests.

The company attaches great importance to the quality of its communication with all employees. Employees are provided with information about the performance of the company through a variety of briefing mechanisms appropriate to their circumstances.

Creditor payment policy

The company's policy is to determine terms and conditions of payment with suppliers when negotiating each transaction, to ensure that suppliers are made aware of the terms and how disputes are to be settled, and to abide by the terms of payment.

The number of days credit taken by the company for trade purchases at 27 April 2002 was 66 days (2001: 45 days).

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 of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, and ensure that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MANOR BAKERIES LIMITED

Report of the directors for the fifty two weeks ended 27 April 2002 (continued)

Statutory dispensation

The company has in force, under Section 379A of the Companies Act 1985, an election dispensing with the laying of accounts and reports before the company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

By order of the board

A handwritten signature in black ink, appearing to read 'M.B. Woodmore'. The signature is written in a cursive, slightly stylized font.

M B Woodmore
Company Secretary
21 October 2002

MANOR BAKERIES LIMITED

Independent auditors' report to the members of Manor Bakeries Limited

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention, and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

Basis of audit 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 as at 27 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

21 October 2002

MANOR BAKERIES LIMITED

Profit and loss account for the fifty two weeks ended 27 April 2002

	Note	2002 £'000	2001 £'000
Turnover	2	275,560	268,853
Cost of sales		(166,281)	(162,539)
Gross profit		109,279	106,314
Distribution costs		(73,927)	(73,799)
Administrative expenses		(14,308)	(16,342)
Operating profit before interest	3	21,044	16,173
Interest receivable		7	20
Interest payable and similar charges	6	(12,987)	(2,125)
Profit on ordinary activities before taxation		8,064	14,068
Taxation on profit on ordinary activities	7	(1,803)	(3,626)
Profit on ordinary activities after taxation		6,261	10,442
Dividends		-	(9,000)
Retained profit for the year		6,261	1,442
Reserves brought forward		10,595	9,089
Transfer from revaluation reserve	20	18	64
Reserves carried forward		16,874	10,595

All amounts relate to continuing activities.

There are no recognised gains or losses in either year, other than the profit on ordinary activities after taxation.

The notes on pages 8 to 20 form part of these financial statements.

MANOR BAKERIES LIMITED

Statement of historical cost profits and losses and Reconciliation of movements in shareholders' funds for the fifty two weeks ended 27 April 2002

	Note	2002 £'000	2001 £'000
Statement of historical cost profits and losses			
Reported profit on ordinary activities before taxation		8,064	14,068
Difference between actual and historical cost depreciation	20	18	64
Historical cost profit on ordinary activities before taxation		<u>8,082</u>	<u>14,132</u>
Historical cost profit for the year retained after taxation and dividends		<u>6,279</u>	<u>1,506</u>
Reconciliation of movements in shareholders' funds			
Profit for the year		6,261	10,442
Dividends		-	(9,000)
Net increase in shareholders' funds		<u>6,261</u>	<u>1,442</u>
Opening shareholders' funds		<u>60,942</u>	<u>59,500</u>
Closing shareholders' funds		<u>67,203</u>	<u>60,942</u>

The notes on pages 8 to 20 form part of these financial statements.

MANOR BAKERIES LIMITED

Balance sheet at 27 April 2002

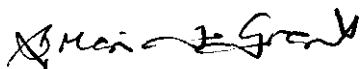
	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	9		61,359		61,947
Investments	10		6		6
			<u>61,365</u>		<u>61,953</u>
Current assets					
Stocks	11	9,258		7,756	
Debtors: amounts falling due within one year	12	41,777		34,893	
Debtors: amounts falling due after one year	12	130,180		130,000	
Cash		13,644		3,235	
		<u>194,859</u>		<u>175,884</u>	
Creditors: amounts falling due within one year	13	<u>(51,184)</u>		<u>(45,870)</u>	
Net current assets			<u>143,675</u>		<u>130,014</u>
Total assets less current liabilities			205,040		191,967
Creditors: amounts falling due after more than one year	14	(133,122)		(126,006)	
Provisions for liabilities and charges	17	<u>(4,715)</u>		<u>(5,019)</u>	
			(137,837)		(131,025)
Net assets			<u>67,203</u>		<u>60,942</u>
Capital and reserves					
Called up share capital	18		50,000		50,000
Share premium account	19		5		5
Revaluation reserve	20		324		342
Profit and loss account			16,874		10,595
Shareholders' funds - Equity			<u>67,203</u>		<u>60,942</u>

The financial statements were approved by the Board on 21 October 2002, and were signed on its behalf by

M J Schurch
Director



B J Grant
Director



The notes on pages 8 to 20 form part of these financial statements.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, the accounting policies set out below, and in accordance with applicable accounting standards. The directors consider that the accounting policies set out below are the most appropriate and have been consistently applied.

Accounting period

The financial statements are for the fifty two weeks ended 27 April 2002. In 2001 the financial statements were for the fifty two weeks ended 28 April 2001.

Changes in accounting policies

Manor Bakeries Limited is a member of the defined benefit pension scheme operated by RHM Group One Limited. The disclosures required by FRS 17 'Post retirement benefits' have been included in note 21.

The company has adopted FRS 19 'Deferred Tax' in these financial statements as more fully explained under 'Taxation' below. No prior year adjustments were required as a result of adopting this standard.

FRS 18 'Accounting policies' has been adopted in the current year but this did not require any change in accounting policies.

Turnover

The turnover represents the invoiced value of goods despatched or services rendered to third parties net of overriders and other sales related discounts and sales related taxes.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value on a straight line basis over the useful economic life of that asset as follows:

Freehold buildings	Ten to fifty years
Long leasehold land and buildings	Ten to fifty years
Short leasehold land and buildings	Length of lease
Computers	Three to five years
Motor vehicles	Three to ten years
Plant and machinery	Two to twenty years
Fixtures and fittings	Ten years

The company has taken advantage of the transitional provisions of FRS 15 Tangible Fixed Assets and retained the book amounts of certain freehold properties which were revalued prior to the implementation of that standard.

Freehold land is not depreciated. Interest on borrowings for fixed assets is not capitalised and is taken to the Profit and Loss Account.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*Continued*)

1. Principal accounting policies (*continued*)

Investments

Shares in subsidiaries are stated at cost less provisions for impairment.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes an appropriate proportion of production overheads.

Work in progress is stated on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments payable under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Accounts on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the risks and rewards of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Taxation

The tax charge is based upon the result of the period and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Provision is made for deferred taxation using the full provision approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the following:

Deferred tax is not recognised on the revaluation of non-monetary assets such as property unless a binding sale agreement exists at the balance sheet date. Where rollover relief is available on an asset then deferred tax is in any case not recognised.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is deemed more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

In accordance with the requirements of the ultimate parent undertaking the company makes or receives payment in respect of group relief at 100% of the value of the relief given.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

1. Principal accounting policies (*continued*)

Foreign currencies

Transactions in foreign currency are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at composite rates where forward cover exists. Exchange differences are taken to the Profit and Loss Account.

Research and development

Expenditure on research and development is written off to the Profit and Loss Account in the year in which it is incurred.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and credited to the Profit and Loss Account in equal instalments over the anticipated lives of the assets to which the grants relate.

Pension and post retirement benefits

The group (headed by RHM Group One Limited) operates defined benefit schemes funded by both employer's and employee's contributions. The cost of providing future benefits is estimated by an independent, qualified actuary on a triennial basis and spread, at a substantially level percentage of total pensionable salaries, over the expected service lives of current employees. Variations in pension costs are spread over the expected service lives of current employees.

2. Turnover and operating profit

Turnover and operating profit are wholly attributable to the principal activity of the company and originate solely within the United Kingdom.

	2002 £'000	2001 £'000
Turnover by geographical destination		
United Kingdom	266,389	259,357
Rest of Europe	6,899	6,844
Rest of the World	2,272	2,652
	<u>275,560</u>	<u>268,853</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

3. Operating profit before interest

Operating profit before interest is stated after charging/(crediting):

	2002 £'000	2001 £'000
Depreciation		
- Owned assets	11,991	12,280
- Finance leases	12	-
Loss on disposal of fixed assets - owned	52	153
Profit on disposal of fixed assets - leased	(24)	(38)
Amortisation of government grants - capital	(30)	(30)
Auditors - audit fees and expenses	92	70
Auditors - fees for non-audit services	1	3
Operating lease costs		
- Land and buildings	1,997	1,992
- Plant and equipment	1,359	394
Research and development expenditure	272	319
Net gain on foreign currency translation	(33)	(27)
Exceptional items (included in administrative expenses)		
- Rationalisation and redundancy	258	1,746
- Provision for onerous leases	(217)	17

Rationalisation and redundancy costs principally resulted from the implementation of a range of one off cost reduction initiatives.

4. Employees

Staff costs, including directors, consist of:

	2002 £'000	2001 £'000
Wages and salaries	67,590	70,126
Social security costs	5,608	5,633
Other pension costs (see note 21)	4,196	4,080
	<u>77,394</u>	<u>79,839</u>

The average monthly number of employees, including directors, during the year was:

	2002 Number	2001 Number
Production	2,564	2,511
Selling and distribution	765	813
Administration	159	166
	<u>3,488</u>	<u>3,490</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

5. Directors

Remuneration

The aggregate remuneration of the directors of the company was as follows:

	2002 £'000	2001 £'000
Emoluments for services to the company	<u>310</u>	<u>291</u>

Pensions

Five directors (2001: six) who served during the year were members of the defined benefit plan.

Highest paid director

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

	2002 £'000	2001 £'000
Emoluments for services to the company	<u>142</u>	<u>148</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 27 April 2002 was £46,000 (28 April 2001: £40,000).

No director has a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the other directors, requires disclosure.

6. Interest payable and similar charges

	2002 £'000	2001 £'000
Bank interest	5	6
Interest payable to group undertakings (see note 16)	<u>12,982</u>	<u>2,119</u>
	<u>12,987</u>	<u>2,125</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

7. Taxation on profit on ordinary activities

	2002 £'000	2001 £'000
UK corporation tax on profit for the year at 30%	2,624	4,679
Adjustment in respect of prior periods	(734)	(267)
Total current tax	<u>1,890</u>	<u>4,412</u>
Deferred tax credit at 30% (see note 17)	<u>(87)</u>	<u>(786)</u>
Tax on profit on ordinary activities	<u>1,803</u>	<u>3,626</u>

The tax for the period varies from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	<u>8,064</u>	<u>14,068</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	2,420	4,220
Net expenses not deductible for corporation tax purposes	44	45
Depreciation in excess of capital allowances for the period	158	277
Other provision movements	2	137
Adjustments to tax in respect of prior periods	<u>(734)</u>	<u>(267)</u>
Total current tax	<u>1,890</u>	<u>4,412</u>

8. Intellectual property

On 28 February 2001, Manor Bakeries Limited assigned its intellectual property rights to its subsidiary company MB (IP) Limited for a value £32,326,000. The price paid was based on the open market value. On the same day, MB (IP) Limited granted an exclusive licence to Manor Bakeries Limited at the same open market value, to use those intellectual property rights in perpetuity. This licence is terminable in certain circumstances of default in the agreements referred to in note 16. In accordance with FRS 5, the substance of these transactions is that no new assets or liabilities have been created and therefore no changes in the assets or liabilities of either company have been recorded in relation to these transactions.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

9. Tangible fixed assets

	Freehold and leasehold land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost or valuation			
At 29 April 2001	27,110	134,591	161,701
Additions	997	11,030	12,027
Transfers from group undertakings	-	24	24
Transfers to group undertakings	-	(19)	(19)
Disposals	-	(5,984)	(5,984)
At 27 April 2002	<u>28,107</u>	<u>139,642</u>	<u>167,749</u>
Depreciation			
At 29 April 2001	11,330	88,424	99,754
Provided for the year	976	11,027	12,003
Transfers from group undertakings	-	15	15
Transfers to group undertakings	-	(8)	(8)
Disposals	-	(5,374)	(5,374)
At 27 April 2002	<u>12,306</u>	<u>94,084</u>	<u>106,390</u>
Net book value			
At 27 April 2002	<u>15,801</u>	<u>45,558</u>	<u>61,359</u>
At 28 April 2001	<u>15,780</u>	<u>46,167</u>	<u>61,947</u>

Finance lease agreements

Included within the net book value is £74,000 (2001 : £nil) relating to assets held under finance lease agreements. The depreciation charged in the period in respect of such assets amounts to £12,000 (2001 : £nil).

Freehold and leasehold land and buildings

The net book value of freehold and leasehold property includes £13,565,000 (2001: £13,442,000) in respect of freehold land and buildings and £2,236,000 (2001: £2,338,000) in respect of short leasehold land and buildings.

Freehold land amounting to £612,000 (2001: £612,000) is not depreciated.

Assets in the course of construction with a value of £4,328,000 (2001: £4,246,000) are not depreciated.

Land and buildings include assets of £2,250,000 (2001: £2,250,000) carried at valuation. The assets were revalued in 1978 on the basis of their open market value for continuation of existing use.

On an historical cost basis, land and buildings would have been included at:

	2002 £'000	2001 £'000
Cost	27,358	26,360
Aggregate depreciation	<u>(11,881)</u>	<u>(10,923)</u>
	<u>15,477</u>	<u>15,437</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

10. Fixed asset investments

	Subsidiary Undertaking £'000
At 29 April 2001 and 27 April 2002	<u>6</u>

Details of the investments in subsidiary undertakings are as follows:

Name of the company	Country of registration	Holding (ordinary shares)	Business
All directly held by the company			
Lyons Cakes Limited	United Kingdom	100%	Non trading
MB (IP) Limited	United Kingdom	100%	Non trading

11. Stocks

	2002 £'000	2001 £'000
Raw materials	2,703	2,324
Work in progress	158	130
Finished goods and goods held for resale	<u>6,397</u>	<u>5,302</u>
	<u>9,258</u>	<u>7,756</u>

12. Debtors

	2002 £'000	2001 £'000
Debtors: amounts falling due within one year		
Trade debtors	36,230	27,872
Amounts owing by group undertakings	1,231	1,406
Taxes and social security	1,577	2,380
Prepayments and accrued income	<u>2,739</u>	<u>3,235</u>
	<u>41,777</u>	<u>34,893</u>
Debtors: amounts falling due after more than one year		
Amounts owing by group undertakings (see note 16)	130,000	130,000
Prepayments and accrued income	<u>180</u>	<u>-</u>
	<u>130,180</u>	<u>130,000</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

13. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Other loans	100	100
Obligations under finance leases (see note 15)	15	-
Trade creditors	19,239	20,445
Amounts owing to group undertakings (see note 16)	9,273	8,076
Corporation tax	4,732	1,653
Taxes and social security	1,430	1,162
Other creditors	6,667	1,630
Accruals and deferred income	9,728	12,804
	<u>51,184</u>	<u>45,870</u>

14. Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Other loans	675	775
Obligations under finance leases (see note 15)	61	-
Amounts owing to group undertakings (see note 16)	132,005	125,000
Accruals and deferred income	381	231
	<u>133,122</u>	<u>126,006</u>

Maturity of group debt is disclosed in note 16.

The loan in other loans is interest free and is being repaid at £100,000 per annum.

15. Obligations under finance leases

The future finance lease payments to which the company was committed at 27 April 2002, were:

	£'000
Within 1 year	20
Between 1 & 2 years	20
Between 2 & 3 years	44
	<u>84</u>
Less: Interest allocated to future periods	(8)
	<u>76</u>

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

16. Group refinancing

On 28 February 2001, Manor Bakeries Limited entered into agreements with fellow subsidiary companies of RHM Foodbrands + Limited. Under the agreement, Manor Bakeries Limited has borrowed £130,000,000 from RHM Finance Limited of which £5,000,000 was repaid during the year ended 27 April 2002. The interest is repayable half yearly on 28 February and 31 August. The loan is repayable as shown in the table below:

	£'000s
Within 1 year	5,000
Between 1 and 2 years	4,921
Between 2 and 3 years	5,195
Between 3 and 4 years	4,613
Between 4 and 5 years	3,820
Amounts more than 5 years	101,451

The total loans made by RHM Finance Limited to fellow subsidiary companies of RHM Foodbrands + Limited was £650m. Manor Bakeries Limited, together with other fellow subsidiaries who borrowed funds, is jointly and severally liable to repay the total borrowings. The loans are guaranteed by other fellow subsidiary companies that did not borrow funds. The loans are charged on the assets and cash flows of the subsidiary companies of RHM Foodbrands + Limited.

Manor Bakeries Limited lent the proceeds of this advance to RHM Limited, a fellow subsidiary company controlled by RHM Group One Limited, on a subordinated and interest free basis. Repayment is not anticipated within the next twelve months.

The loan to RHM Limited and loan from RHM Finance Limited are included within amounts owing by and to group undertakings (see notes 12, 13 and 14).

17. Provisions for liabilities and charges

	2002 £'000	2001 £'000
Deferred tax		
At 29 April 2001	4,589	5,375
Credit for the year (see note 7)	(87)	(786)
At 27 April 2002	<u>4,502</u>	<u>4,589</u>
Other provisions		
At 29 April 2001	430	508
(Credit)/charge for the year	(217)	17
Utilised during the year	-	(95)
At 27 April 2002	<u>213</u>	<u>430</u>
Total provisions	<u>4,715</u>	<u>5,019</u>
The deferred tax provision comprises:		
Excess of capital allowances over depreciation charged	4,861	5,018
Other timing differences	(359)	(429)
	<u>4,502</u>	<u>4,589</u>
Other provisions comprise:		
Onerous lease provision (expiring between 2005 and 2014)*	<u>213</u>	<u>430</u>

* calculated using a discount rate of 2% (2001 : 2%).

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

18. Share capital

	Authorised Number	£'000	Allotted, called up and fully paid Number	£'000
Ordinary shares of £1 each				
At 27 April 2002 and 28 April 2001	50,000,100	50,000	50,000,001	50,000

19. Share premium account

	2002 £'000	2001 £'000
At 27 April 2002 and 28 April 2001	5	5

20. Revaluation Reserve

	2002 £'000	2001 £'000
At 29 April 2001	342	406
Transfer to profit and loss account	(18)	(64)
At 27 April 2002	324	342

21. Pensions

The company contributes to the RHM Pension Scheme (the "Plan") which is administered by RHM Pension Services Limited on behalf of the trustee, RHM Pension Trust Limited, to provide benefits based on final pensionable salary for members of the scheme. The assets of the Plan are held in a separate fund administered by trustees. The pension funding relating to the Plan is assessed in accordance with the advice of an independent, qualified actuary using the projected unit method. The pension cost has been included in the financial statements in accordance with SSAP 24, so as to spread the cost of pensions over employees' working lives with the group. The pension costs in the year to 27 April 2002 have been calculated by reference to the full actuarial valuation of the Plan at 5 April 1999. The assumption that has the most significant effect on the valuation is the long term average investment return. This has been determined at approximately 2.5% per annum higher than the average increase in pay in the period before retirement and 1% higher after retirement. The market value of the Plan at the date of the 1999 actuarial valuation was £1,043m and was sufficient to cover 100% of the liability for benefits that had accrued to members at that date.

FRS 17

In November 2000, the Accounting Standards Board issued FRS 17, "Retirement Benefits", which in time will replace SSAP 24, "Accounting for Pension Costs". FRS 17 becomes fully effective for periods ending after 22 June 2003, however certain disclosures are required in the transitional period. The company therefore continues to account for pensions under SSAP 24 and the disclosures given below are those required by that statement. FRS 17 disclosures, to the extent that they are not given below, are given in the RHM Group One Limited group statutory accounts.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

21. Pensions (*continued*)

As set out above, the company is a member of the defined benefit pension scheme operated by RHM Group One Limited. It is not possible for the company to separately identify its share of the underlying assets and liabilities of these schemes. In accordance with FRS 17, for accounting purposes, this scheme has been treated as a defined contribution scheme.

The pension costs, which equate to the contributions payable, are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. Details of the most recent valuations are set out above. The contributions paid to the scheme in 2002 totalled £4,196,000 (2001: £4,080,000).

Further details relating to this scheme can be found in the financial statements of RHM Group One Limited, available from the Company Secretary at Chapel House, Liston Road, Marlow, Buckinghamshire, SL7 1TJ.

22. Capital commitments

	2002 £'000	2001 £'000
Contracted for but not provided for	<u>1,566</u>	<u>1,727</u>

23. Commitments under operating leases

As at 27 April 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and Buildings £'000	2002 Other £'000	2001 Land and Buildings £'000	2001 Other £'000
Operating leases which expire:				
Within one year	218	59	169	29
In two to five years inclusive	283	1,345	256	349
Over five years	<u>1,500</u>	<u>32</u>	<u>1,496</u>	<u>140</u>
	<u>2,001</u>	<u>1,436</u>	<u>1,921</u>	<u>518</u>

24. Related parties

In accordance with FRS 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of a group, or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

25. Group accounts

The company is exempt from the obligation to prepare and deliver group accounts as it is itself a wholly owned subsidiary of a larger group drawing up consolidated accounts, as detailed in note 26. As a consequence, these financial statements present information about the company as an individual undertaking and not about its group.

MANOR BAKERIES LIMITED

Notes to the financial statements for the fifty two weeks ended 27 April 2002 (*continued*)

26. Ultimate parent company

RHM Foodbrands + Limited is the company's parent undertaking at the year end and RHM Group One Limited is the company's ultimate parent company. At the year end Doughty Hanson & Co has a controlling interest in RHM Group One Limited.

RHM Group One Limited produces group accounts; copies may be obtained from The Secretary, RHM Group One Limited, Chapel House, Liston Road, Marlow, Buckinghamshire, SL7 1TJ, United Kingdom.

27. Cash flow statement

The company has used the exemption under FRS 1: Cash Flow Statements, not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.