

**Daintee Chocolate Confectionery Company
(Blackpool) Limited**

**Directors' report and financial
statements**

Registered number 345735

Year ended 31 December 2000



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company was a manufacturer of confectionery up to 30 September 2000. After this date, the company became dormant and the assets and trade were transferred to a fellow subsidiary company.

Business review

Further competitive pressures and the strength of the pound culminated in margins being lower than expected. These pressures are forecasted to continue and as a result the decision was taken to merge the business and all assets and liabilities were transferred to Toms Confectionery Limited a wholly owned subsidiary of Toms Fabrikker A/S on 30 September 2000. This will enable the business to reduce costs and maintain margins at current levels. This has resulted in the company incurring exceptional costs of £147,000.

Dividends and transfers from reserves

The directors do not propose a dividend (*year ended 31 December 1999: £272,000*). The profit before tax for the year was £92,000 (*year ended 31 December 1999: £1,014,000*). The retained profit of £74,000 (*year ended 31 December 1999: profit £368,000*) will be transferred to reserves.

Fixed assets

Movement in fixed assets is shown in notes 11 and 12 to the financial statements.

Directors and their interests

Directors who held office during the year were as follows:

N Kennedy – Managing Director	(Appointed 19 March 2001)
N Petersen	(Appointed 19 March 2001)
V Birdi	(Appointed 7 May 2001)
NA Beaney	(Resigned 20 March 2001)
JG Moxon	(Resigned 20 March 2001)
J O'Keefe	(Resigned 20 March 2001)
AM Dodson	(Resigned 20 March 2001)
SC Kitt	(Resigned 20 March 2001)

Donations

During the year the company made the following donations:

Charitable purposes	£1,967	(<i>Year ended 31 December 1999: £1,614</i>)
The Conservative Party	£Nil	(<i>Year ended 31 December 1999: £250</i>)

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



V Birdi
Director

Clifton Road
Marton
Blackpool
FY4 4QB

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



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Liverpool
L3 1QH

Independent auditors' report to the Shareholders of Daintee Chocolate Confectionery Company (Blackpool) Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

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 as at 31 December 2000 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*

21 October 2001

Profit and loss account
for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Turnover	2	9,110	13,969
Cost of sales		(6,795)	(10,311)
Gross profit		2,315	3,658
Distribution costs		(721)	(1,006)
Administrative expenses :			
Before exceptional items		(1,295)	(1,727)
Exceptional items	3	(147)	-
		(1,442)	(1,727)
Other operating income	6	28	150
Operating profit		180	1,075
Other interest receivable and similar income	7	1	28
Interest payable and similar charges	8	(89)	(89)
Profit on ordinary activities before taxation	3-7	92	1,014
Tax on profit on ordinary activities	9	(18)	(374)
Profit on ordinary activities after taxation		74	640
Proposed dividend	10	-	(272)
Retained profit for the financial year	20	74	368
Retained profit brought forward		2,093	1,725
Retained profit carried forward		2,167	2,093

The company ceased trading on 30 September 2000. All assets and trade were transferred to Toms Confectionery Limited. The company has no recognised gains or losses other than the profit for the year. All turnover and operating profits were derived from discontinued operations.

Balance sheet
at 31 December 2000

	Note	2000 £000	1999 £000
Fixed Assets			
Tangible assets	11	-	3,872
Investments	12	-	1,135
		-	5,007
Current Assets			
Stocks	13	-	921
Debtors	14	2,689	4,605
Investments	15	-	2
Cash at bank and in hand		-	-
		-	5,528
Creditors: amounts falling due within one year	16	-	(6,843)
Net current assets/(liabilities)		2,689	(1,315)
Total assets less current liabilities		2,689	3,692
Creditors: amounts falling due after more than one year			
Bank loans and overdraft	17	-	(464)
Provisions for liabilities and charges	18	-	(613)
		2,689	2,615
Capital and reserves			
Called up share capital	19	522	522
Profit and loss account		2,167	2,093
Shareholders' funds	20	2,689	2,615
Attributable to equity shareholders'		2,439	2,365
Attributable to non-equity shareholders'		250	250
		2,689	2,615

These financial statements were approved by the board of directors on *25 October 2001* and were signed on its behalf by:

N Kennedy
Director



Notes

(forming part of the financial statements)

1 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of S228 of Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Toms Fabrikker A/S, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Tangible fixed assets

Tangible fixed assets are included in the financial statements at cost. Depreciation is provided at the following annual rates which are calculated to write off the assets over their estimated useful lives as follows:

Freehold buildings	-	2% straight line
Plant and machinery	-	12½% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	20 % on cost

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Notes (continued)

1 Accounting policies (continued)

Pension costs

Retirement benefits to senior employees and directors of the company are provided by money purchase schemes partially funded by contributions from the company. Such pension costs are charged to the profit and loss account as they are incurred. At 31 December 2000 £Nil (31 December 1999: £Nil) was due to the pension scheme.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign exchange

Balances due in foreign currencies have been translated using the exchange rates ruling at the year end. Transactions during the year are translated at the rates ruling at the date of the transaction.

2 Segmental analysis

In the opinion of the directors disclosure of an analysis of turnover by destination would be prejudicial to the interests of the company. All the turnover is supplied from the United Kingdom from one class of business.

3 Profit on ordinary activities before taxation

	2000 £000	1999 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation:		
Owned assets	373	373
Assets held under finance leases	-	109
Profit on disposal of fixed assets	-	3
Operating lease charges - other	24	10
Exceptional costs	147	-
Auditors' remuneration - audit fees	18	24
- non audit fees	11	12
Provision against fellow subsidiary debtor balance	-	129

Exceptional restructuring costs include redundancy costs of £104,000 and professional fees of £43,000.

Notes (continued)

4 Directors' remuneration

	2000	1999
	£000	£000
Directors' emoluments	298	397
Company contributions to money purchase pension schemes	5	5
	303	402
	No	No
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4
	No	No
In respect of the highest paid director:		
Director's remuneration	97	125
Company contributions to money purchase pension schemes	-	-

5 Staff numbers and costs

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

	2000	1999
	No	No
Production	206	200
Sales and distribution	7	5
Administration	14	15
	227	220

The aggregate payroll costs of the persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	2,339	2,737
Social security costs	206	271
Other pension costs	49	61
	2,594	3,069

Notes (continued)

6 Other operating income

	2000 £000	1999 £000
Insurance claim	-	55
Commissions	-	68
Currency gains	28	27
	<hr/> 28	<hr/> 150

7 Other interest receivable and similar income

	2000 £000	1999 £000
Interest receivable from group undertakings	-	24
Other income from listed investments	1	4
	<hr/> 1	<hr/> 28

8 Interest payable and similar charges

	2000 £000	1999 £000
Bank loans and overdrafts	84	78
Bank charges	5	9
Finance charges payable in respect of finance leases and hire purchase contracts	-	2
	<hr/> 89	<hr/> 89

9 Taxation

	2000 £000	1999 £000
UK corporation tax at 30% based on the profit for the year	-	324
Deferred taxation	-	50
Payment for group relief at 30%	18	-
	<hr/> 18	<hr/> 374

Notes (continued)

10 Dividends

	2000 £000	1999 £000
Proposed:		
£1 shares ordinary shares	-	272

11 Tangible fixed assets

	Land & Buildings	Plant & machinery	Fixtures, fittings, tools and computer equipment	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<i>Cost</i>						
At 1 January 2000	856	6,558	923	238	22	8,597
Additions	34	843	117	7	99	1,100
Construction completed	-	22	-	-	(22)	-
Disposals	(890)	(7,423)	(1,040)	(245)	(99)	(9,697)
At 31 December 2000	-	-	-	-	-	-
<i>Accumulated depreciation</i>						
At 1 January 2000	3	4,240	410	72	-	4,725
Charge for the year	23	284	35	31	-	373
Disposals	(26)	(4,524)	(445)	(103)	-	(5,098)
At 31 December 2000	-	-	-	-	-	-
<i>Net book value</i>						
At 31 December 2000	-	-	-	-	-	-
At 31 December 1999	853	2,318	512	166	22	3,872

The net book value of the company's fixed assets includes £Nil (Year ended 31 December 1999: £760,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £Nil (Year ended 31 December 1999: £109,000).

Notes (continued)

12 Investments held as fixed assets

	2000 £000	1999 £000
<i>At cost:</i>		
Shares in subsidiary	-	25
Loan to parent company	-	1,105
Other investments	-	5
	<hr/>	<hr/>
	-	1,135

Shares in subsidiary:	Country of incorporation	Principal activity	Class and percentage of shares held
Daintee Confectionery Canada Limited	Canada	Dormant	Ordinary - 97.5%

In the opinion of the directors the value of the shares is greater than cost.

Other investments comprise investments listed on the UK Stock Exchange and are stated at cost (market value £Nil (1999: £24,907)).

	2000 £000	1999 £000
<i>Listed investments</i>		
Cost	-	5
	<hr/>	<hr/>
Market value	-	25

13 Stocks

	2000 £000	1999 £000
Raw materials and consumables	-	628
Work in progress	-	40
Finished goods and goods for resale	-	253
	<hr/>	<hr/>
	-	921

Notes (continued)

14 Debtors

	2000 £000	1999 £000
Trade debtors	-	2,588
Amounts owed by fellow subsidiaries	2,689	1,782
Other debtors	-	23
Prepayments and accrued income	-	212
	<hr/> 2,689	<hr/> 4,605

15 Investments held as current assets

	2000 £000	1999 £000
Other unquoted investments	-	2

16 Creditors: Amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	-	3,303
Trade creditors	-	997
Amounts owed to parent company	-	1,308
Other creditors including taxation and social security	-	777
Accruals and deferred income	-	186
Proposed dividend	-	272
	<hr/> -	<hr/> 6,843

Notes (continued)

17 Bank loans and overdrafts

Included within bank loans and overdrafts is a Non Revolving Base Rate Loan of £Nil (31 December 1999: £464,000) secured by a first legal charge over freehold property of Daintee Properties Limited, a fellow subsidiary of Toms Confectionery Limited (Formerly SK Daintee Holdings Limited). This loan is repayable by instalments, interest being payable at a rate of 1.5% over HSBC Base Rate.

18 Provisions for liabilities and charges

	Deferred taxation £000
As at 1 January 2000	613
Transferred to group company	(613)
	<hr/>
As at 31 December 2000	-

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000 Provided £000	2000 Unprovided £000	1999 Provided £000	1999 Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	-	613	-
Other timing differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	613	-

19 Called up share capital

	2000 £000	1999 £000
Authorised		
Equity: 521,000 ordinary shares of £1 each	521	521
Non-equity: 479,000 8.4% preference shares of £1 each	479	479
	<hr/>	<hr/>
	1,000	1,000
Called up, allotted and fully paid		
Equity: 272,000 ordinary shares of £1 each	272	272
Non-equity: 250,000 8.4% preference shares of £1 each	250	250
	<hr/>	<hr/>
	522	522

Notes (continued)

19 Called up share capital (continued)

The 8.4% cumulative preference shares of £1 each entitle the holder to receive a cumulative preference dividend at the rate of 8.4% per annum on the paid up share capital and have a right to a return of capital at either a winding up or a repayment of capital. The preference shares do not entitle the holders to any further or other participation on the profits or assets of the company, or carry any voting rights.

20 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit for the financial period	74	640
Dividends	-	(272)
Net addition to shareholders' funds	74	368
Opening shareholders' funds	2,615	2,247
Closing shareholders' funds	2,689	2,615

21 Operating lease commitments

	2000 £000	1999 £000
<i>Operating lease commitments - other:</i>		
Leases which expire:		
within one year	-	4
within 2 to 5 years	-	7
	-	11

Notes *(continued)*

22 Contingent liabilities

There is a contingent liability in respect of an unlimited multi-lateral guarantee given by the company to the bank in respect of other group companies. At 31 December 2000 the relevant borrowings amounted to £3,118,000 (*Year ended 31 December 1999: £3,789,730*). The company has also given an unlimited cross company guarantee in favour of Toms Confectionery Limited.

23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Toms Fabrikker A/S incorporated in Denmark.

The largest group in which the results of the company are consolidated is that headed by Toms Fabrikker A/S, incorporated in Denmark. No other group accounts include the results of the company.