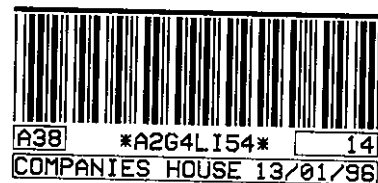


**DAINTEE CHOCOLATE
CONFECTIONERY COMPANY
(BLACKPOOL) LIMITED**

Report and Financial Statements

31 March 1995

**Touche Ross & Co.
Abbey House
PO Box 500
74 Mosley Street
Manchester
M60 2AT**



DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

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DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S C Kitt (Managing Director)
D E Evennett FCA
N A Beaney
A Lowden
J O'Keefe
A M Dodson ACA

SECRETARY

A M Dodson ACA

REGISTERED OFFICE

Clifton Road
Marton
Blackpool
FY4 4QB

BANKERS

Midland Bank plc
10 Talbot Square
Blackpool
FY1 1LX

SOLICITORS

Addleshaw Sons & Latham
Dennis House
Marsden Street
Manchester
M2 1JD

AUDITORS

Touche Ross & Co.
Chartered Accountants
Abbey House
74 Mosley Street
Manchester
M60 2AT

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

ACTIVITIES

The company is engaged in manufacture of confectionery.

REVIEW OF DEVELOPMENTS

The company's profit for the year is shown in the profit and loss account on page 6. The financial position of the company is shown in the balance sheet on page 7.

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors recommend a total dividend of £48,950 (1994 - £2,061,000). The retained profit for the year of £855,159 (1994 - loss £625,132) will be transferred from reserves.

FUTURE PROSPECTS

Despite the competitive market conditions being experienced and the prospects of a substantially reduced profit in 1995/96, the directors consider the company well placed to develop turnover and profit in the medium term.

FIXED ASSETS

Details of movements in fixed assets are given in notes 10 and 11 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All directors served throughout the year. No director has any interest in the shares of the company.

The interests of those directors who are directors of the ultimate parent company in the shares of the ultimate parent company are disclosed in the financial statements of that company. The other directors' interests in the ordinary shares of S. K. Daintee Holdings Limited are:

	Ordinary shares		Options	
	1995	1994	1995	1994
A. M. Dodson	3,375	3,375	5,438	5,438
N. A. Beaney	-	-	8,250	8,250
J. O'Keefe	-	-	2,250	2,250
A. Lowden	2,250	2,250	-	-

DONATIONS

During the year the company made the following donations:

Charitable purposes	£3,874
Political purposes	£Nil

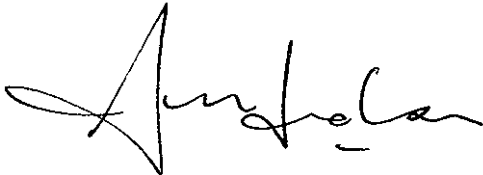
DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

DIRECTORS' REPORT

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in dark ink, appearing to read 'Amphelan', written in a cursive style.

Secretary

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 as at the end of the financial year 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 consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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. 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.



Chartered Accountants

Touche Ross & Co.
Abbey House
(P.O. Box 500)
74 Mosley Street
Manchester M60 2AT

Telephone: National 0161 228 3456
International + 44 161 228 3456
Fax (Gp. 3): 0161 228 2021
DX 14400 - Manchester 2 Exchange

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants and Registered Auditors

5 January 1996

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 1995

	Note	1995 £	1994 £
TURNOVER - continuing operations	2	12,966,021	13,637,361
Cost of sales		<u>9,356,873</u>	<u>9,632,320</u>
Gross profit		<u>3,609,148</u>	<u>4,005,041</u>
Distribution costs		921,815	911,857
Administrative expenses		947,006	1,048,335
Other operating income	4	<u>109,111</u>	<u>88,882</u>
		<u>1,759,710</u>	<u>1,871,310</u>
OPERATING PROFIT - continuing operations	5	<u>1,849,438</u>	<u>2,133,731</u>
Interest receivable and similar income	6	38,533	61,958
Interest payable and similar charges	7	<u>100,862</u>	<u>93,821</u>
		<u>62,329</u>	<u>31,863</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,787,109</u>	<u>2,101,868</u>
Tax on profit on ordinary activities	8	<u>590,000</u>	<u>666,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>1,197,109</u>	<u>1,435,868</u>
Dividends	9	<u>341,950</u>	<u>2,061,000</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>855,159</u>	<u>(625,132)</u>
Retained profit brought forward		<u>2,262,943</u>	<u>2,888,075</u>
Retained profit carried forward		<u>3,118,102</u>	<u>2,262,943</u>

The company has no recognised gains or losses other than the profit for the year and preceding year. Accordingly no statement of total recognised gains and losses has been prepared.

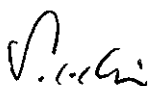
DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

BALANCE SHEET 31 March 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	10	3,800,443		3,159,689	
Investments	11	<u>1,135,092</u>	4,935,535	<u>1,135,092</u>	4,294,781
CURRENT ASSETS					
Stocks	12	1,291,059		1,160,180	
Debtors	13	3,749,616		2,918,018	
Investments	14	2,520		2,520	
Cash at bank and in hand		<u>360,357</u>		<u>114,607</u>	
		5,403,552		4,195,325	
CREDITORS: amounts falling due within one year	15	<u>5,561,954</u>		<u>4,485,808</u>	
NET CURRENT LIABILITIES			(158,402)		(290,483)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,777,133		4,004,298
CREDITORS: amounts falling due after more than one year					
Bank loans and overdraft	17		500,000		500,000
Obligations under finance leases	21		53,031		215,355
PROVISIONS FOR LIABILITIES AND CHARGES	18		584,000		504,000
			<u>3,640,102</u>		<u>2,784,943</u>
CAPITAL AND RESERVES					
Called up share capital	19		522,000		522,000
Profit and loss account			<u>3,118,102</u>		<u>2,262,943</u>
Shareholders' funds			<u>3,640,102</u>		<u>2,784,943</u>
Attributable to equity shareholders'			3,390,102		2,234,943
Attributable to non-equity shareholders'			<u>250,000</u>		<u>250,000</u>
			<u>3,640,102</u>		<u>2,784,943</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

5 January 1996



- Director

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

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.

Plant and machinery	12½% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	15% reducing balance
Computer equipment	20% straight line

Investments

Investments held as fixed assets are stated at cost less any provision for 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.

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.

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.

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

2. TURNOVER

Turnover represents sales of confectionery to third parties and group companies net of VAT and trade discounts.

	1995 £	1994 £
Geographical analysis of turnover		
United Kingdom	10,245,557	10,745,921
Other European countries	1,490,928	1,161,677
USA/Canada	724,770	689,409
Other	504,760	1,040,354
	<u>12,966,021</u>	<u>13,637,361</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors' emoluments	<u>438,008</u>	<u>580,864</u>
Remuneration of the chairman and highest paid director	<u>177,029</u>	<u>166,985</u>
	No	No
All directors' remuneration		
£ 35,001 - £ 40,000	1	-
£ 45,001 - £ 50,000	2	-
£ 50,001 - £ 55,000	-	2
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	1	-
£ 75,001 - £ 80,000	-	1
£ 80,001 - £ 85,000	-	1
£ 95,001 - £100,000	-	1
£165,001 - £170,000	-	1
£175,001 - £180,000	1	-
	<u>1</u>	<u>-</u>
Average number of persons employed		
Production	149	149
Sales and distribution	23	23
Administration	14	14
	<u>186</u>	<u>186</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1995 £	1994 £
Employee costs during the year (including directors)		
Wages and salaries	2,360,154	2,246,504
Social security costs	227,251	353,507
Other pension costs	45,362	98,473
	<u>2,632,767</u>	<u>2,698,484</u>

4. OTHER OPERATING INCOME

	1995 £	1994 £
Currency gains	21,855	70,240
Other income	87,256	18,642
	<u>109,111</u>	<u>88,882</u>

5. OPERATING PROFIT

	1995 £	1994 £
Operating profit is after charging/(crediting):		
Depreciation:		
Owned assets	348,466	284,178
Assets held under finance leases	107,864	134,151
Loss/(profit) on disposal of fixed assets	831	(37,446)
Auditors' remuneration - audit fees	16,000	15,500
- non audit fees	16,100	15,660
	<u>16,100</u>	<u>15,660</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £	1994 £
Interest receivable from group companies	26,545	60,698
Other interest receivable	11,278	624
Other income from listed investments	710	636
	<u>38,533</u>	<u>61,958</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Bank loans and overdrafts	64,963	39,440
Bank charges	9,340	9,885
Other interest charges	3	1,816
Finance interest	26,556	42,680
	<u>100,862</u>	<u>93,821</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit for the year	510,000	590,000
Deferred taxation	80,000	105,000
	<u>590,000</u>	<u>695,000</u>
Adjustments to prior years' tax provisions		
Deferred taxation	-	37,000
Corporation tax	-	(66,000)
	<u>590,000</u>	<u>666,000</u>

9. DIVIDENDS

	1995 £	1994 £
Paid		
Preference shares - non equity 8.4% preference shares	-	21,000
Ordinary shares £1 shares at 18p per share (1994 - 750p per share)	48,950	2,040,000
	<u>48,950</u>	<u>2,061,000</u>
Proposed		
Preference shares - non equity 8.4% preference shares	21,000	-
Ordinary shares £1 shares at £1 per share (1994 - nil)	272,000	-
	<u>293,000</u>	<u>-</u>
Total dividends	<u>341,950</u>	<u>2,061,000</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 1994	4,814,810	292,316	457,292	5,564,418
Additions	829,455	165,920	125,743	1,121,118
Disposals	-	-	(61,878)	(61,878)
At 31 March 1995	<u>5,644,265</u>	<u>458,236</u>	<u>521,157</u>	<u>6,623,658</u>
Accumulated depreciation				
At 1 April 1994	2,153,186	116,904	134,639	2,404,729
Charge for the year	356,177	18,721	81,432	456,330
Disposals	-	-	(37,844)	(37,844)
At 31 March 1995	<u>2,509,363</u>	<u>135,625</u>	<u>178,227</u>	<u>2,823,215</u>
Net book value				
At 31 March 1995	<u>3,134,902</u>	<u>322,611</u>	<u>342,930</u>	<u>3,800,443</u>
At 31 March 1994	<u>2,661,624</u>	<u>175,412</u>	<u>322,653</u>	<u>3,159,689</u>

The net book value of the company's fixed assets includes £755,048 (1994 - £862,912) in respect of assets held under finance leases.

11. INVESTMENTS HELD AS FIXED ASSETS

	1995 £	1994 £
Shares in subsidiary	25,000	25,000
Loan to parent company	1,105,000	1,105,000
Other investments	5,092	5,092
	<u>1,135,092</u>	<u>1,135,092</u>

Shares in subsidiary:

	Country of incorporation	% Shares held
Daintee Confectionery Canada Limited (ordinary shares)	Canada	97.5

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

Included in other investments are investments quoted on the UK Stock Exchange. These have been included at cost, the quoted valuation being:-

	1995 £	1994 £
Quoted investments		
Cost	<u>5,092</u>	<u>5,092</u>
Valuation	<u>12,230</u>	<u>12,296</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

12. STOCKS

	1995 £	1994 £
Raw materials and consumables	678,328	562,050
Work-in-progress	22,605	34,913
Finished goods and goods for resale	590,126	563,217
	<u>1,291,059</u>	<u>1,160,180</u>

13. DEBTORS

	1995 £	1994 £
Trade debtors	2,466,091	2,572,698
Amounts owed by related company	1,010,469	143,902
Other debtors	78,715	54,716
Prepayments and accrued income	194,341	146,702
	<u>3,749,616</u>	<u>2,918,018</u>

14. INVESTMENTS HELD AS CURRENT ASSETS

	1995 £	1994 £
Other unquoted investment	<u>2,520</u>	<u>2,520</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Bank loans and overdrafts	1,154,109	413,434
Amounts owed to parent company	1,628,433	1,614,358
Amounts owed to fellow subsidiaries	6,040	6,040
Trade creditors	1,239,552	923,083
Obligations under finance leases and hire purchase contracts	162,690	166,153
Other creditors including taxation and social security	740,364	811,789
Accruals and deferred income	337,766	550,951
Proposed dividends	293,000	-
	<u>5,561,954</u>	<u>4,485,808</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

16. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1995 £	1994 £
This heading includes:		
Corporation tax	458,642	385,013
Advance corporation tax	12,237	-
Other taxation and social security	<u>226,671</u>	<u>243,481</u>

17. BANK LOANS AND OVERDRAFTS

The bank loan is on an unsecured, five year, revolving credit facility, expiring 1 April 1998.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 April 1994 £	Charged to profit and loss account £	Balance at 31 March 1995 £
Deferred taxation	<u>504,000</u>	<u>80,000</u>	<u>584,000</u>

The amounts of deferred taxation provided and unprovided in the financial statements are:

	Amount provided 1995 £	Amount unprovided 1995 £	Amount provided 1994 £	Amount unprovided 1994 £
Capital allowances in excess of depreciation	571,000	-	517,000	-
Other timing differences	<u>13,000</u>	<u>-</u>	<u>(13,000)</u>	<u>-</u>
	<u>584,000</u>	<u>-</u>	<u>504,000</u>	<u>-</u>

19. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
521,000 ordinary shares of £1 each	521,000	521,000
479,000 8.4% preference shares of £1 each	<u>479,000</u>	<u>479,000</u>
Called up, allotted and fully paid		
272,000 ordinary shares of £1 each	272,000	272,000
250,000 8.4% preference shares of £1 each	<u>250,000</u>	<u>250,000</u>
	<u>522,000</u>	<u>522,000</u>

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit attributable to members of the company	1,197,109	1,435,868
Dividends	(48,950)	(2,061,000)
Net addition to shareholders' funds	1,148,159	(625,132)
Opening shareholders' funds	2,784,943	3,410,075
Closing shareholders' funds	3,933,102	2,784,943

21. FINANCIAL COMMITMENTS

	1995 £	1994 £
Capital commitments		
Contracted for but not provided	-	-
Authorised but not yet contracted for	-	-
Obligations under finance leases		
Minimum lease payments due:		
Within one year	176,730	190,741
Within 2 to 5 years	51,252	227,700
After 5 years	-	-
Less finance charges, allocated to future periods	227,982 12,261	418,441 36,933
	215,721	381,508
Due within one year	162,690	166,153
Due after more than one year	53,031	215,355
	215,721	381,508

DAINTEE CHOCOLATE CONFECTIONERY COMPANY (BLACKPOOL) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 1995

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 March 1995 the relevant borrowings amounted to £224,821 (1994 -£549,636).

23. ULTIMATE PARENT COMPANY

In the opinion of the directors the company's ultimate parent company is S K Daintee Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements of S K Daintee Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The company has taken advantage of the exemption conferred by Section 228 of the Companies Act 1985 not to prepare group financial statements as it is a wholly owned subsidiary of a company incorporated in a member state of the EEC and is included in the consolidated financial statements of that company.