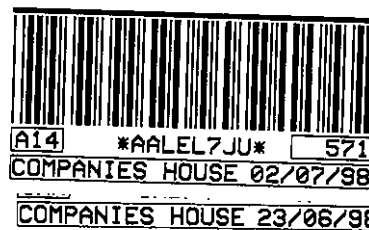


**Daintee Chocolate Confectionery Company  
(Blackpool) Limited**

**Directors' report and financial statements**

Nine months ended 31 December 1997

Registered number 345735



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their report and the audited financial statements for the nine month period ended 31 December 1997.

### **Principal activities**

The company is engaged in the manufacture of confectionery.

### **Review of developments**

The company's profit for the period 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.

### **Accounting reference date**

During 1997, the company changed its accounting reference date from 31 March to 31 December.

### **Dividends and transfers from reserves**

A total dividend distribution of £3,332,389 was paid during the period (Year ended 31 March 1997: £619,400). The profit before tax for the period was £508,971. The retained loss of £2,823,418 (Year ended 31 March 1997: £52,494) will be transferred to reserves.

### **Future prospects**

Market conditions continue to be very competitive. Despite this the directors consider the company well placed to develop turnover and profit.

### **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 period were as follows:

|                             |                            |
|-----------------------------|----------------------------|
| SC Kitt (Managing Director) |                            |
| DE Evennett FCA             |                            |
| NA Beaney                   |                            |
| JG Moxon                    | (Appointed 1 August 1997)  |
| J O'Keefe                   |                            |
| AM Dodson ACA               |                            |
| A Lowden                    | (Resigned on 11 July 1997) |

No director has any interest in the shares of the company.

## Directors' report *(continued)*

### Directors and their interests *(continued)*

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

|           | Ordinary shares  |               |
|-----------|------------------|---------------|
|           | 31 December 1997 | 31 March 1997 |
| AM Dodson | -                | 3,375         |
| J O'Keefe | -                | 2,250         |

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period except as indicated below.

|           | At start of year | Number of options *<br>during the year |           | At end of year | Exercise price<br>£ | Market price at date of exercise/release<br>£ |
|-----------|------------------|--|-----------|----------------|---------------------|---|
|           |                  | Release                                | Exercised |                |                     |   |
| AM Dodson | 2,250            | -                                      | (2,250)   | -              | 9.00                | 38.78   |
|           | 3,188            | -                                      | (3,188)   | -              | 15.00               | 38.78   |
| J O'Keefe | 1,000            | (1,000)                                | -         | -              | 20.00               | 38.78   |

\* Options granted under the terms of the SK Daintee Holdings Limited Executive Share Option Scheme in respect of £1 ordinary shares.

As part of the agreement for the acquisition of the majority of the issued share capital of SK Daintee Holdings Limited ("SKDH") by Toms UK Holding Limited, J O'Keefe, as option holder, agreed to release SKDH from its obligations in consideration of payment of £18.78 per option.

### Donations

During the period the company made to following donations:

|                        |   |
|------------------------|---|
| Charitable purposes    | £1,294 <i>(Year ended 31 March 1997 £1,776)</i> |
| The Conservative Party | £500 <i>(Year ended 31 March 1997: £1,500)</i>  |

**Directors' report** *(continued)*

**Auditors**

KPMG were appointed as auditors on 22 September 1997. 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



*AM Dodson  
Secretary*

Clifton Road  
Marton  
Blackpool  
FY4 4QB

21 April 1998

## **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.



8 Princes Parade  
Liverpool  
L3 1QH

## **Report of the auditors to the members of Daintee Chocolate Confectionery Company (Blackpool) Limited**

We have audited the financial statements on pages 6 to 18.

### **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 December 1997 and of its profit for the 9 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' followed by a flourish.

24<sup>th</sup> Apr 1998.

*Chartered Accountants  
Registered Auditors*

## Profit and loss account

*for the 9 month period ended 31 December 1997*

|  | <i>Note</i> | <b>9 month period ended<br/>31 December 1997</b> | <b>Year ended<br/>31 March 1997</b> |
|--|-------------|--|-------------------------------------|
| <b>Turnover - continuing operations</b>              | 2           | 11,098,546                                       | 13,591,966                          |
| Cost of sales  |             | (8,200,452)                                      | (10,157,793)                        |
|  |             | <hr/>  | <hr/>                               |
| Gross profit   |             | 2,898,094  | 3,434,173                           |
| Distribution costs                                   |             | (745,334)  | (920,604)                           |
| Administrative expenses                              |             | (1,309,977)                                      | (1,372,068)                         |
| Other operating income                               | 5           | 54,539   | 51,624                              |
|  |             | <hr/>  | <hr/>                               |
| <b>Operating profit - continuing operations</b>      | 6           | 897,322  | 1,193,125                           |
| Other interest receivable and similar income         | 7           | 23,059   | 27,296                              |
| Interest payable and similar charges                 | 8           | (176,767)  | (254,527)                           |
|  |             | <hr/>  | <hr/>                               |
| <b>Profit on ordinary activities before taxation</b> |             | 743,614  | 965,894                             |
| Tax on profit on ordinary activities                 | 9           | (234,643)  | (294,000)                           |
|  |             | <hr/>  | <hr/>                               |
| <b>Profit on ordinary activities after taxation</b>  |             | 508,971  | 671,894                             |
| Dividends on equity and non-equity shares            | 10          | (3,332,389)                                      | (619,400)                           |
|  |             | <hr/>  | <hr/>                               |
| <b>Retained (loss)/profit for the financial year</b> |             | (2,823,418)                                      | 52,494                              |
| Retained profit brought forward                      |             | 3,336,623  | 3,284,129                           |
|  |             | <hr/>  | <hr/>                               |
| <b>Retained profit carried forward</b>               |             | 513,205  | 3,336,623                           |
|  |             | <hr/> <hr/>                                      | <hr/> <hr/>                         |

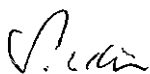
In both the current and immediately preceding accounting period the company had no recognised gains and losses other than the profit or loss for that period.



**Balance sheet**  
*at 31 December 1997*

|  | Note | 31 December 1997 |             | 31 March 1997 |
|--|------|------------------|-------------|---------------|
|  |      | £                | £           |               |
| <b>Fixed Assets</b>  |      |                  |             |               |
| Tangible assets  | 11   | 3,201,515        |             | 3,493,655     |
| Investments  | 12   | 1,135,092        |             | 1,135,092     |
|  |      |                  |             |               |
|  |      |                  | 4,336,607   | 4,628,747     |
| <b>Current Assets</b>  |      |                  |             |               |
| Stocks   | 13   | 947,782          |             | 1,207,353     |
| Debtors  | 14   | 5,714,220        |             | 4,847,227     |
| Investments  | 15   | 2,520            |             | 2,520         |
| Cash at bank and in hand                                       |      | 407              |             | 1,018,583     |
|  |      |                  |             |               |
|  |      | 6,664,928        |             | 7,075,683     |
| <b>Creditors: amounts falling due within one year</b>          | 16   | (8,147,563)      |             | (5,726,523)   |
|  |      |                  |             |               |
| <b>Net current (liabilities)/assets</b>                        |      |                  | (1,482,635) | 1,349,160     |
|  |      |                  |             |               |
| <b>Total assets less current liabilities</b>                   |      |                  | 2,853,972   | 5,977,907     |
| <b>Creditors: amounts falling due after more than one year</b> |      |                  |             |               |
| Bank loans and overdraft                                       | 17   | (1,249,995)      |             | (1,357,140)   |
| Obligations under finance leases                               | 21   | (42,772)         |             | (219,144)     |
| <b>Provisions for liabilities and charges</b>                  | 18   | (526,000)        |             | (543,000)     |
|  |      |                  |             |               |
|  |      |                  | 1,035,205   | 3,858,623     |
| <b>Capital and reserves</b>                                    |      |                  |             |               |
| Called up share capital  | 19   | 522,000          |             | 522,000       |
| Profit and loss account  |      | 513,205          |             | 3,336,623     |
|  |      |                  |             |               |
| <b>Shareholders' funds</b>                                     |      |                  | 1,035,205   | 3,858,623     |
|  |      |                  |             |               |
| <b>Attributable to equity shareholders'</b>                    |      |                  | 785,205     | 3,608,623     |
| <b>Attributable to non-equity shareholders'</b>                |      |                  | 250,000     | 250,000       |
|  |      |                  |             |               |
|  |      |                  | 1,035,205   | 3,858,623     |

These financial statements were approved by the board of directors on 01 April 1998 and were signed on its behalf by:



SC Kitt  
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:

|                       |   |                       |
|-----------------------|---|-----------------------|
| 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.

## Notes (continued)

### Accounting policies (continued)

#### *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. At 31 December 1997 £7,951 (31 March 1997: £8,300) 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 rules ruling at the year end. Transactions during the year are translated at the rates ruling at the date of the transaction.

## 2 Turnover

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

|                                   | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|-----------------------------------|---|--------------------------|
|                                   | £   | £                        |
| Geographical analysis of turnover |   |                          |
| United Kingdom                    | 8,642,611                                   | 10,264,692               |
| Other European countries          | 1,153,542                                   | 1,703,827                |
| USA/Canada                        | 750,510                                     | 981,196                  |
| Other                             | 551,883                                     | 642,251                  |
|                                   | <hr/>                                       | <hr/>                    |
|                                   | 11,098,546                                  | 13,591,996               |
|                                   | <hr/>                                       | <hr/>                    |

## Notes (continued)

### 3 Directors' remuneration

|   | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|---|---|--------------------------|
|   | £   | £                        |
| Directors' emoluments   | 502,875                                     | 413,279                  |
| Company contributions to money purchase pension schemes   | 240,671                                     | 4,996                    |
|   | <u>743,546</u>                              | <u>418,275</u>           |
| Included within the above is £326,800 in respect of pension contributions and fees which have been borne by SK Daintee Holdings Limited |   |                          |
|   | No  | No                       |
| Retirement benefits are accruing to the following number of directors under:  |   |                          |
| Money purchase schemes  | 5   | 4                        |
|   | <u>5</u>                                    | <u>4</u>                 |
| Number of directors who exercised share options was:  | 2   | 1                        |
| In respect of the highest paid director:  |   |                          |
| Director's remuneration   | 131,104                                     | 166,306                  |
| Company contributions to money purchase pension schemes   | 1,314                                       | -                        |
|   | <u>132,418</u>                              | <u>166,306</u>           |

### 4 Staff numbers and costs

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

|                        | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|------------------------|---|--------------------------|
|                        | No  | No                       |
| Production             | 182   | 172                      |
| Sales and distribution | 7   | 24                       |
| Administration         | 15  | 15                       |
|                        | <u>204</u>                                  | <u>211</u>               |
|                        | £   | £                        |

The aggregate payroll costs of the persons were as follows:

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,990,003        | 2,427,373        |
| Social security costs | 223,561          | 488,165          |
| Other pension costs   | 60,858           | 86,861           |
|                       | <u>2,274,422</u> | <u>3,002,399</u> |

## Notes (continued)

### 5 Other Operating Income

|                | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|----------------|---|--------------------------|
|                | £   | £                        |
| Currency gains | 54,539                                      | 33,543                   |
| Other income   | -   | 18,081                   |
|                | <u>54,539</u>                               | <u>51,624</u>            |

### 6 Profit on ordinary activities before taxation

|   | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|---|---|--------------------------|
|   | £   | £                        |
| Profit on ordinary activities before taxation is stated after charging: |   |                          |
| Depreciation:   |   |                          |
| Owned assets  | 241,748                                     | 423,583                  |
| Assets held under finance leases  | 102,766                                     | 137,399                  |
| Loss on disposal of fixed assets  | 2,084                                       | 577                      |
| Operating lease charges - other   | 18,138                                      | 36,096                   |
| Auditors' remuneration - audit fees                                     | 22,500                                      | 17,000                   |
| - non audit fees  | 11,500                                      | -                        |
|   | <u>400,686</u>                              | <u>714,655</u>           |

### 7 Other interest receivable and similar income

|   | Nine month period ended 31<br>December 1997 | Year ended 31 March 1997 |
|---|---|--------------------------|
|   | £   | £                        |
| Interest receivable from group undertakings | 22,186                                      | 26,217                   |
| Other interest receivable                   | -   | 225                      |
| Other income from listed investments        | 873   | 854                      |
|   | <u>23,059</u>                               | <u>27,296</u>            |

## Notes (continued)

### 8 Interest payable and similar charges

|  | Nine month period ended 31<br>December 1997<br>£ | Year ended 31 March 1997<br>£ |
|--|--|-------------------------------|
| Bank loans and overdrafts  | 132,609  | 204,868                       |
| Bank charges   | 6,598  | 7,195                         |
| Other interest charges   | 12,657   | 888                           |
| Finance charges payable in respect of finance leases and hire purchase contracts | 24,903   | 41,576                        |
|  | <u>176,767</u>                                   | <u>254,527</u>                |

### 9 Taxation

|   | Nine month period ended 31<br>December 1997<br>£ | Year ended 31 March 1997<br>£ |
|---|--|-------------------------------|
| UK corporation tax at 31% (31 March 1997: 33%) based on the profit for the period | 251,643  | 347,000                       |
| Deferred taxation   | (17,000)   | (53,000)                      |
|   | <u>234,643</u>                                   | <u>294,000</u>                |

### 10 Dividends

|                           | Nine month period ended 31<br>December 1997<br>£ | Year ended 31 March 1997<br>£ |
|---------------------------|--|-------------------------------|
| <b><i>Paid</i></b>        |  |                               |
| Non equity shares:        |  |                               |
| 8.4% preference shares    | -  | 21,000                        |
| Equity shares:            |  |                               |
| £1 shares ordinary shares | 3,332,389  | 598,400                       |
|                           | <u>3,332,389</u>                                 | <u>619,400</u>                |

## Notes (continued)

### 11 Tangible fixed assets

|                                 | Plant and<br>machinery | Fixtures, fittings,<br>tools and<br>computer<br>equipment | Motor vehicles | Total            |
|---------------------------------|------------------------|---|----------------|------------------|
|                                 | £                      | £   | £              | £                |
| <i>Cost</i>                     |                        |   |                |                  |
| At 1 April 1997                 | 6,215,632              | 625,946   | 517,567        | 7,359,145        |
| Additions                       | 129,441                | 23,757  | 14,650         | 167,848          |
| Disposals                       | -                      | (2,149)   | (363,487)      | (365,636)        |
| <b>At 31 December 1997</b>      | <b>6,345,073</b>       | <b>647,554</b>  | <b>168,730</b> | <b>7,161,357</b> |
| <i>Accumulated depreciation</i> |                        |   |                |                  |
| At 1 April 1997                 | 3,304,412              | 233,484   | 327,594        | 3,865,490        |
| Charge for the year             | 278,877                | 49,732  | 15,905         | 344,514          |
| Disposals                       | -                      | (2,400)   | (247,762)      | (250,162)        |
| <b>At 31 December 1997</b>      | <b>3,583,289</b>       | <b>280,818</b>  | <b>95,737</b>  | <b>3,959,842</b> |
| <i>Net book value</i>           |                        |   |                |                  |
| <b>At 31 December 1997</b>      | <b>2,761,784</b>       | <b>366,738</b>  | <b>72,993</b>  | <b>3,201,515</b> |
| 31 March 1997                   | 2,911,220              | 392,462   | 189,973        | 3,493,655        |

The net book value of the company's fixed assets includes £993,414 (*Year ended 31 March 1997: £1,096,180*) in respect of assets held under finance leases. Depreciation for the period on these assets was £102,766 (*Year ended 31 March 1997: £137,399*).

## Notes (continued)

### 12 Investments held as fixed assets

|                        | 31 December 1997<br>£ | 31 March 1997<br>£ |
|------------------------|-----------------------|--------------------|
| <i>At cost:</i>        |                       |                    |
| 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<br>incorporation | Principal activity | Class and<br>percentage of<br>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.

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

|                           | 31 December 1997<br>£ | 31 March 1997<br>£ |
|---------------------------|-----------------------|--------------------|
| <i>Listed investments</i> |                       |                    |
| Cost                      | 5,092                 | 5,092              |
|                           | <u>5,092</u>          | <u>5,092</u>       |
| Market value              | 17,669                | 12,253             |
|                           | <u>17,669</u>         | <u>12,253</u>      |

### 13 Stocks

|                                     | 31 December 1997<br>£ | 31 March 1997<br>£ |
|-------------------------------------|-----------------------|--------------------|
| Raw materials and consumables       | 759,130               | 619,803            |
| Work in progress                    | 38,700                | 54,654             |
| Finished goods and goods for resale | 149,952               | 532,896            |
|                                     | <u>947,782</u>        | <u>1,207,353</u>   |



## Notes (continued)

### 14 Debtors

|                                     | 31 December 1997 | 31 March 1997 |
|-------------------------------------|------------------|---------------|
|                                     | £                | £             |
| Trade debtors                       | 2,653,387        | 2,162,902     |
| Amounts owed by fellow subsidiaries | 2,817,178        | 2,531,553     |
| Other debtors                       | 95,695           | 68,576        |
| Prepayments and accrued income      | 147,960          | 84,196        |
|                                     | <hr/>            | <hr/>         |
|                                     | 5,714,220        | 4,847,227     |
|                                     | <hr/>            | <hr/>         |

### 15 Investments held as current assets

|                            | 31 December 1997 | 31 March 1997 |
|----------------------------|------------------|---------------|
|                            | £                | £             |
| Other unquoted investments | 2,520            | 2,520         |
|                            | <hr/>            | <hr/>         |

### 16 Creditors: Amounts falling due within one year

|  | 31 December 1997 | 31 March 1997 |
|--|------------------|---------------|
|  | £                | £             |
| Bank loans and overdrafts                                    | 4,668,347        | 2,429,596     |
| Trade creditors  | 1,006,162        | 751,706       |
| Amounts owed to parent company                               | 1,392,583        | 1,286,924     |
| Obligations under finance leases and hire purchase contracts | 268,002          | 361,458       |
| Other creditors including taxation and social security       | 522,079          | 682,893       |
| Accruals and deferred income                                 | 290,390          | 213,946       |
|  | <hr/>            | <hr/>         |
|  | 8,147,563        | 5,726,523     |
|  | <hr/>            | <hr/>         |

Other creditors including taxation and social security is analysed as follows:

|                                    | 31 December 1997 | 31 March 1997 |
|------------------------------------|------------------|---------------|
|                                    | £                | £             |
| This heading includes:             |                  |               |
| Corporation tax                    | 72,667           | 201,122       |
| Advance corporation tax            | -                | 149,600       |
| Other taxation and social security | -                | 313,724       |
|                                    | <hr/>            | <hr/>         |

## Notes (continued)

### 17 Bank loans and overdrafts

Included within bank loans and overdrafts is a Non Revolving Base Rate Loan of £749,995 (31 March 1997: £857,140) secured by a first legal charge over freehold property of Daintee Properties Limited, a fellow subsidiary of SK Daintee Holdings Limited. This loan is repayable by instalments, interest being payable at a rate of 1.5% over Midland Bank Base Rate. Of this loan £35,715 is repayable in more than five years.

### 18 Provisions for liabilities and charges

|                        | Deferred taxation<br>£000 |
|------------------------|---------------------------|
| As at 1 April 1997     | 543,000                   |
| Credit for the year    | (17,000)                  |
|                        | <hr/>                     |
| As at 31 December 1997 | 526,000                   |
|                        | <hr/> <hr/>               |

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

|   | 31 December 1997 |                    | 31 March 1997    |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | Provided<br>£000 | Unprovided<br>£000 | Provided<br>£000 | Unprovided<br>£000 |
| Difference between accumulated depreciation and amortisation and capital allowances | 519,000          | -                  | 533,000          | -                  |
| Other timing differences  | 7,000            | -                  | 10,000           | -                  |
|   | <hr/>            | <hr/>              | <hr/>            | <hr/>              |
|   | 526,000          | -                  | 543,000          | -                  |
|   | <hr/> <hr/>      | <hr/> <hr/>        | <hr/> <hr/>      | <hr/> <hr/>        |

## Notes (continued)

### 19 Called up share capital

|   | 31 December 1997<br>£ | 31 March 1997<br>£    |
|---|-----------------------|-----------------------|
| <i>Authorised</i>                                     |                       |                       |
| Equity: 521,000 ordinary shares of £1 each            | 521,000               | 521,000               |
| Non-equity: 479,000 8.4% preference shares of £1 each | 479,000               | 479,000               |
|   | <hr/> 1,000,000 <hr/> | <hr/> 1,000,000 <hr/> |
| <i>Called up, allotted and fully paid</i>             |                       |                       |
| Equity: 272,000 ordinary shares of £1 each            | 272,000               | 272,000               |
| Non-equity: 250,000 8.4% preference shares of £1 each | 250,000               | 250,000               |
|   | <hr/> 522,000 <hr/>   | <hr/> 522,000 <hr/>   |

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

|                                     | 31 December 1997<br>£   | 31 March 1997<br>£    |
|-------------------------------------|-------------------------|-----------------------|
| Profit for the financial period     | 508,971                 | 671,894               |
| Dividends                           | (3,332,389)             | (619,400)             |
|                                     | <hr/> (2,823,418) <hr/> | <hr/> 52,494 <hr/>    |
| Net addition to shareholders' funds | (2,823,418)             | 52,494                |
| Opening shareholders' funds         | 3,858,623               | 3,806,129             |
|                                     | <hr/> 1,035,205 <hr/>   | <hr/> 3,858,623 <hr/> |
| Closing shareholders' funds         | 1,035,205               | 3,858,623             |

## Notes (continued)

### 21 Commitments

|  | 31 December 1997 | 31 March 1997 |
|--|------------------|---------------|
|  | £                | £             |
| <b><i>Obligations under finance leases</i></b>     |                  |               |
| Minimum lease payments due:                        |                  |               |
| Within one year                                    | 274,067          | 377,344       |
| Within 2 to 5 years                                | 42,772           | 222,503       |
|  | <hr/>            | <hr/>         |
|  | 316,839          | 599,847       |
| Less finance charges, allocated to future periods  | (6,065)          | (19,245)      |
|  | <hr/>            | <hr/>         |
|  | 310,774          | 580,602       |
|  | <hr/>            | <hr/>         |
| Due within one year                                | 268,002          | 361,458       |
| Due after more than one year                       | 42,772           | 219,144       |
|  | <hr/>            | <hr/>         |
|  | 310,774          | 580,602       |
|  | <hr/>            | <hr/>         |
| <b><i>Operating lease commitments - other:</i></b> |                  |               |
| Leases which expire:                               |                  |               |
| within one year                                    | 2,916            | 21,630        |
| within 2 to 5 years                                | 6,216            | 11,856        |
|  | <hr/>            | <hr/>         |
|  | 9,132            | 33,486        |
|  | <hr/>            | <hr/>         |

### 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 1997 the relevant borrowings amounted to £Nil. The company has also given an unlimited cross company guarantee in favour of SK Daintee Holdings Limited.

### 23 Related party disclosures

The company is controlled by SK Daintee Holdings Limited. The ultimate controlling party is Toms Fabrikker A/S.

### 24 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.