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ADAMS FOODS LIMITED
STATEMENT OF ACCOUNTS
31ST DECEMBER 1978

PEAT, MARWICK, MITCHELL & CO.,
CHARTERED ACCOUNTANTS,
CHURCHILL HOUSE,
REGENT ROAD,
STOKE-ON-TRENT.



ADAMS FOODS LIMITED

DIRECTORS

A. Boardman, chairman
W.P. O'Grady, managing director
D.J. Buckley
A.K. Jones
B.A. Joyce
P.M. Macielinski
A.R. Moore
J.M. Paterson
M. Wood

SECRETARY AND REGISTERED OFFICE

J.M. Paterson
Buxton Road,
Leek,
Staffordshire,
ST13 6EN

AUDITORS

Peat, Marwick, Mitchell & Co.,
Churchill House,
Regent Road,
Stoke-on-Trent,
ST1 3RG

BANKERS

National Westminster Bank Limited

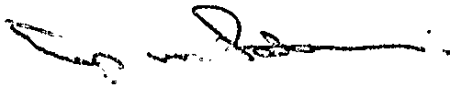
ADAMS FOODS LIMITED

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of the company will be held at the registered office, Buxton Road, Leek, Staffordshire on 11th April 1979 for the following purposes:

1. To receive the directors' report and accounts for the year ended 31st December 1978;
2. To elect directors;
3. To re-appoint auditors and to authorise the directors to fix their remuneration.

BY ORDER OF THE BOARD



Secretary

Buxton Road,
Leek,
Staffordshire, ST13 6EN
30th March 1979

ADAMS FOODS LIMITED
REPORT OF THE DIRECTORS

1.

The directors have pleasure in submitting their report, together with the audited accounts of the group for the year ended 31st December 1978.

The previous accounts covered a period of eighteen months to 31st December 1977.

Activities

The principal activities of the group are the production, packaging, marketing and distribution of food products.

Results

The following is a summary of the group profit and loss account.

	£
Profit for the year after taxation and extraordinary item	196,615
Retained profit brought forward	<u>1,953,515</u>
Retained profit carried forward	<u>2,150,130</u> =====

Directors and directors' interests

The table below shows the persons who were directors during the financial year. The directors have no interest in the share capital of the company.

A. Boardman	A.R. Moore (appointed 1st May 1978) .
W.P. O'Grady (appointed 1st April 1978)	J.M. Paterson
D.J. Buckley (appointed 1st May 1978)	M. Wood (appointed 1st May 1978)
A.K. Jones (appointed 1st May 1978)	J.H. Adams (resigned 1st September 1978)
B.A. Joyce	J.C. McGough (resigned 14th February 1978)
P.M. Macielinski	

Mr. W.P. O'Grady, Mr. D.J. Buckley, Mr. A.K. Jones, Mr. A.R. Moore and Mr. M. Wood were appointed directors during the year and in accordance with the Articles of Association retire and, being eligible, offer themselves for re-election.

None of the directors were interested in any significant contract to which the company was a party during the year, nor are any schemes in being to benefit directors by enabling them to acquire shares in the company.

Acquisitions

The company acquired the whole of the issued share capital of Mathews & Skailies Limited - cheese factors - with effect from 1st October 1978 and Cregagh Foods Limited - butter blenders, operating in Ireland - with effect from 1st November 1978 for a total cash consideration of £1,114,564. The issued share capital of Cregagh Foods Limited was acquired from the holding company.

2.

ADAMS FOODS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

Shareholder

The company is a wholly owned subsidiary of An Bord Baine Co-operative Limited, a company incorporated in the Republic of Ireland.

Fixed assets

Details of movements of fixed assets are shown in the notes to the accounts.

At 31st December 1978 a professional valuation of the group's land and buildings was carried out which indicated a value of £7,766,944, being a surplus of £2,259,282 over the net book value.

The directors have reconsidered the rates of depreciation to be applied to the remaining fixed assets. With effect from 31st December 1978, the accounting policy was changed to provide depreciation on cost from the date of purchase or valuation, if later. In order to reflect the position at 31st December 1978 had this accounting policy been followed previously, exceptional depreciation of £213,037 has been provided.

Export sales

The value of goods exported by the group during the year amounted to £3,092,137 (£4,102,666 in 1977).

Employees

The average number of persons employed by the group during the year was 2,128 (2,104 in 1977) and their aggregate remuneration amounted to £7,507,347 (£8,613,155 in 1977).

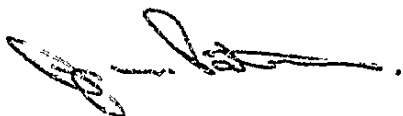
Charitable and political contributions

During the year the group made charitable contributions of £1,091 (£444 in 1977). No political contributions were made (£nil in 1977).

Auditors

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary

Buxton Road,
Leek,
Staffordshire, ST13 6EN
30th March 1979

REPORT OF THE AUDITORS TO THE MEMBERS OF

ADAMS FOODS LIMITED

We have examined the accounts set out on pages 4 to 16, which have been prepared under the historical cost convention as modified by the revaluation of certain assets.

As explained in note 8, the accounting policy is that provision is not made for depreciation on the majority of freehold buildings.

In our opinion the accounts give, under the above convention, a true and fair view of the state of affairs of the company and of the group at 31st December 1978 and of the profit and source and application of funds for the year to that date and comply with the Companies Acts 1948 and 1967.

Churchill House,
Regent Road,
Stoke-on-Trent.
30th March 1979

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

4.

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 1978

The principal accounting policies of the group are:

a) Consolidation principles

The group accounts include the results of the parent company and its subsidiaries from the dates of acquisition. Goodwill or capital reserves arising on consolidation are taken to group capital reserves.

b) Turnover

This represents amounts invoiced by the group in respect of goods and services provided during the year excluding inter-company transactions-

c) Depreciation

Fixed assets are depreciated at varying rates, the principle being as follows:-

Freehold buildings	- nil to 4% per annum on cost or valuation
Long leaseholds	- written off over the term of the lease
Plant and machinery	- between 10% and 20% per annum based on written down value or cost
Motor vehicles	- between 10% and 33.1/3% per annum based on written down value or cost

d) Stocks

Raw materials, finished goods and sundry stocks are stated at the lower of cost and net realisable value. Direct identification and the first-in, first-out methods of valuation are used in determining cost. Storage costs and production overheads where applicable are included.

e) Deferred taxation

Provision is made for deferred taxation in respect of accelerated capital allowances, stock appreciation relief and other timing differences unless the liability is not likely to become payable in the foreseeable future.

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1978

<u>Notes</u>	<u>1978</u>		<u>1977</u>	
	<u>12 months</u>		<u>18 months</u>	
	£	£	£	£
Turnover		109,248,515		142,616,804
		=====		=====
1 Trading profit/(loss) before taxation		549,106		(616,271)
4 Exceptional charge		(311,091)		-
		238,015		(616,271)
5 Taxation credit		-		23,490
Profit/(loss) after taxation		238,015		(592,781)
6 Extraordinary item		(41,400)		-
		196,615		(592,781)
7 Preference dividends paid		-		(4,900)
Retained profit/(loss) for the year				
- company	211,664		(795,243)	
- subsidiaries	(15,049)		197,562	
		196,615		(597,681)
		=====		=====

STATEMENT OF RETAINED PROFIT

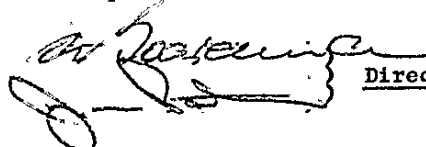
	<u>1978</u>		<u>1977</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Retained profit brought forward	1,953,515	1,779,267	1,299,386	1,322,700
Marketing and development costs relating to prior year	-	-	(129,600)	(129,600)
Discounts receivable related to prior year arising out of change in accounting policy	-	-	27,749	27,749
Change in accounting policy for deferred taxation	-	-	1,353,661	1,353,661
	1,953,515	1,779,267	2,551,196	2,574,510
Retained profit/(loss) for the year	196,615	211,664	(597,681)	(795,243)
Retained profit carried forward	2,150,130	1,990,931	1,953,515	1,779,267
	=====	=====	=====	=====

The attached notes form part of these accounts.

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP BALANCE SHEET AS AT 31ST DECEMBER 1978

Notes		£	£	1977	
				£	£
8	<u>FIXED ASSETS</u>		10,635,412		7,735,945
10	<u>TRADE INVESTMENTS</u>		79		27,600
	<u>CURRENT ASSETS</u>				
11	Stocks	13,488,558		11,440,115	
	Debtors	15,463,865		7,431,267	
	Cash at bank and in hand	974,147		11,340	
		<u>29,926,570</u>		<u>18,882,722</u>	
	<u>LESS CURRENT LIABILITIES</u>				
	Creditors	4,093,417		3,390,009	
	Amount due to holding company	24,290,088		15,255,847	
16	Bank overdraft	461,730		135,107	
12	Loans	1,500,000		2,000,000	
	Bills of exchange	<u>2,300,000</u>		<u>-</u>	
		<u>32,645,235</u>		<u>20,780,963</u>	
	<u>NET CURRENT LIABILITIES</u>		(2,718,665)		(1,898,241)
	<u>NET ASSETS</u>		<u>7,916,826</u>		<u>5,865,304</u>
	<u>CAPITAL EMPLOYED:</u>				
13	<u>SHARE CAPITAL</u>		1,805,792		1,805,792
14	<u>CAPITAL RESERVES</u>		3,460,904		1,355,997
	<u>RETAINED PROFIT</u>		<u>2,150,130</u>		<u>1,953,515</u>
	<u>SHAREHOLDERS' INTEREST</u>		7,416,826		5,115,304
12	<u>LOANS</u>		500,000		750,000

The attached notes form part of these accounts.

 Directors

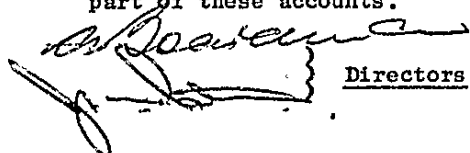
7,916,826

5,865,304

ADAMS FOODS LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1978

<u>Notes</u>		£	£	<u>1977</u>	
				£	£
8	<u>FIXED ASSETS</u>		9,739,801		6,890,286
9	<u>INVESTMENT IN SUBSIDIARY COMPANIES</u>		1,238,250		695,866
10	<u>TRADE INVESTMENT</u>		-		27,600
	<u>CURRENT ASSETS</u>				
11	Stocks	11,771,188		10,859,165	
	Debtors	14,599,999		7,180,498	
	Cash at bank and in hand	579,644		11,340	
		<u>26,950,831</u>		<u>18,051,003</u>	
	<u>LESS CURRENT LIABILITIES</u>				
	Creditors	3,308,843		2,643,740	
	Amount due to holding company	23,335,177		15,257,099	
12	Loans	1,500,000		2,000,000	
	Bills of exchange	<u>1,800,000</u>		<u>-</u>	
		<u>29,944,020</u>		<u>19,900,839</u>	
	<u>NET CURRENT LIABILITIES</u>		(2,993,189)		(1,849,836)
	<u>NET ASSETS</u>		<u>7,984,862</u>		<u>5,763,916</u>
	<u>CAPITAL EMPLOYED:</u>				
13	<u>SHARE CAPITAL</u>		1,805,792		1,805,792
14	<u>CAPITAL RESERVES</u>		3,688,139		1,428,857
	<u>RETAINED PROFIT</u>		<u>1,990,931</u>		<u>1,779,267</u>
	<u>SHAREHOLDERS' INTEREST</u>		7,484,862		5,013,916
12	<u>LOANS</u>		500,000		750,000

The attached notes form
part of these accounts.


Directors

7,984,862
=====

5,763,916
=====

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1978

<u>SOURCE OF FUNDS</u>	<u>1978</u>		<u>1977</u>	
	<u>12 months</u>		<u>18 months</u>	
	£	£	£	£
Profit/(loss) before tax		238,015		(616,271)
Adjustments for items not involving the movement of funds:-				
Depreciation adjusted for disposals		<u>823,308</u>		<u>1,299,180</u>
<u>TOTAL GENERATED FROM OPERATIONS</u>		1,061,323		682,909
Sale proceeds of fixed assets	492,631		642,428	
(Goodwill)/capital reserve arising on consolidation	(154,375)		112,477	
Taxation balance acquired from subsidiary companies	<u>-</u>		<u>54,187</u>	
		<u>338,256</u>		<u>809,092</u>
		1,399,579		1,492,001
<u>APPLICATION OF FUNDS</u>				
Purchase of fixed assets	1,053,162		1,876,010	
Acquisition of fixed assets in subsidiary at book value	902,962		767,575	
Increased holding in trade investment	13,879		13,800	
Dividends paid	-		20,837	
Premiums on repayment of loan stock	-		56,230	
Tax paid	<u>-</u>		<u>39,103</u>	
		(1,970,003)		(2,773,555)
		(570,424)		(1,281,554)
<u>MOVEMENT IN WORKING CAPITAL</u>				
(Increase) in stock	(2,048,443)		(1,932,424)	
(Increase)/decrease in debtors	(8,032,598)		308,654	
Increase/(decrease) in creditors	703,408		(953,589)	
Increase in amount due to holding company	<u>9,034,241</u>		<u>8,716,261</u>	
		<u>(343,392)</u>		<u>6,138,902</u>
		<u>(913,816)</u>		<u>4,857,348</u>
		=====		=====
<u>MOVEMENT IN NET LIQUID FUNDS</u>				
Increase/(decrease) in cash at bank and in hand		962,807		(1,594)
(Increase)/decrease in bank overdraft		(328,623)		1,476,942
Decrease in loans		750,000		3,382,000
(Increase) in bills of exchange		<u>(2,300,000)</u>		<u>-</u>
		<u>(913,816)</u>		<u>4,857,348</u>
		=====		=====

ADAMS FOODS LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENT OF SOURCE AND APPLICATION OF FUNDS (CONTINUED)
SUMMARY OF THE EFFECT OF THE ACQUISITION
OF MATHEWS & SKAILES LIMITED

<u>NET ASSETS ACQUIRED</u>	£	<u>DISCHARGED BY</u>	£
Fixed assets	115,742	Cash paid	956,031
Investment	79	Goodwill arising on consolidation	(154,375)
Stock	1,000,541		
Debtors	510,695		
Cash at bank	3,700		
Cash in hand	1,793		
Creditors	(394,490)		
Overdraft	<u>(436,404)</u>		
	801,656		<u>801,656</u>
	=====		=====

SUMMARY OF THE EFFECT OF THE ACQUISITION
OF CREGAGH FOODS LIMITED

<u>NET ASSETS ACQUIRED</u>	£	<u>DISCHARGED BY</u>	£
Fixed assets	787,220	Cash paid	158,533
Stock	375,829		
Debtors	377,885		
Cash at bank	163,836		
Cash in hand	174		
Creditors	(1,046,411)		
Bills payable	<u>(500,000)</u>		
	158,533		<u>158,533</u>
	=====		=====

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1978

1. Trading profit/(loss)

This is arrived at after charging the following:-

	<u>1978</u> <u>12 months</u> £	<u>1977</u> <u>18 months</u> £
Depreciation	525,490	1,083,331
(Profit)/loss on disposal of fixed assets	(13,273)	215,849
Interest on bank loans and overdrafts	590,464	1,155,679
Loan stock interest	-	67,498
Hire of plant and equipment	373,894	219,331
Hire purchase interest	-	4,869
Auditors' remuneration	52,061	51,000
Directors' emoluments	137,452	125,086
And after crediting:-		
Temporary employment subsidy	591	3,805
Interest received	16,000	-
Rent received	=====	=====

2. Directors' emoluments

Directors' emoluments in accordance with section 6(3) Companies Act 1967:

	<u>1978</u> <u>12 months</u> £	<u>1977</u> <u>18 months</u> £
Chairman - to 1st September 1978	8,000	{ 18,375
- from 1st September 1978	4,833	23,667
	16,500	

Highest paid director

Other directors' emoluments:-

Nil to £2,500
£2,501 to £5,000
£7,501 to £10,000
£12,501 to £15,000
£15,001 to £17,500
£17,501 to £20,000

	<u>1978</u> <u>12 months</u> Number	<u>1977</u> <u>18 months</u> Number		
	1	2		
	1	-		
	5	-	78,240	70,656
	2	1		
	-	1		
	-	2		
	=====	=====	16,000	-
			13,879	12,388
			137,452	125,086
			=====	=====

Ex gratia payments

Contributions under pension scheme

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)

3. Employees' emoluments
 Employees' emoluments (excluding pension contributions) in accordance with section 8 Companies Act 1967:

	<u>1978</u> <u>12 months</u> <u>Number</u>	<u>1977</u> <u>18 months</u> <u>Number</u>
£10,001 - £12,500	2	5
£12,501 - £15,000	1	4
	==	==

4. Exceptional item

This item comprises £98,034 written off plant and machinery consequent upon the reconciliation of the plant register and the books of account, together with £213,037 in respect of exceptional depreciation.

With effect from 31st December 1978 the accounting policy was changed to provide depreciation on cost from the date of purchase or valuation, if later. In order to reflect the position at 31st December 1978, had this accounting policy been followed previously, exceptional depreciation has been provided.

5. Taxation

	<u>Group</u>		<u>Company</u>
	<u>1978</u> <u>£</u>	<u>1977</u> <u>£</u>	<u>1978</u> <u>£</u>
Corporation tax provision no longer required	-	56,295	-
	-	(32,805)	(11,217)
Advance corporation tax written off	-	23,490	(11,217)
	=====	=====	=====

6. Extraordinary item

A provision has been made against the cost of a trade investment.

7. Preference dividends

Preference dividends amounting to £4,900 have been waived in respect of the year to 31st December 1978.

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)

12.

8. Fixed assets

<u>Group</u>	<u>Land and buildings</u>			<u>Plant, machinery and vehicles</u>	<u>Total</u>
	<u>Freehold</u> £	<u>Long leasehold</u> £	<u>Short leasehold</u> £	£	
Cost or valuation at 31st December 1977	4,429,519	463,479	-	6,030,481	10,923,479
On acquisition of subsidiary companies	-	685,000	2,169	567,226	1,254,395
Additions	289,815	51,442	-	711,905	1,053,162
Disposals	(2,030)	(336,854)	-	(578,805)	(917,689)
Amounts written out	-	-	-	(336,307)	(336,307)
At 31st December 1978	4,717,304	863,067	2,169	6,394,500	11,977,040
<u>Representing items at:</u>					
Cost	4,148,359	93,317	2,169	5,479,435	9,723,280
Valuation in 1969	-	84,750	-	-	84,750
Valuation in 1971	-	-	-	362,183	362,183
Valuation in 1972	568,945	-	-	552,882	1,121,827
Valuation in 1978	-	685,000	-	-	685,000
	4,717,304	863,067	2,169	6,394,500	11,977,040
<u>Depreciation</u>					
At 31st December 1977	58,011	33,732	-	3,095,791	3,187,534
On acquisition of subsidiary companies	-	-	1,900	349,533	351,433
For the period	10,481	2,107	269	512,633	525,490
On disposals	-	(31,622)	-	(406,709)	(438,331)
Amounts written out	-	-	-	(238,253)	(238,253)
Exceptional charge	-	-	-	213,037	213,037
At 31st December 1978	68,492	4,217	2,169	3,526,032	3,600,910
<u>Net book value</u>					
At 31st December 1978	4,648,812	858,850	-	2,868,468	8,376,130
Surplus on revaluation	2,245,132	14,150	-	-	2,259,282
	6,893,944	873,000	-	2,868,468	10,635,412
At 31st December 1977	4,371,508	429,747	-	2,934,690	7,735,945

Included in the revaluation of freehold land and buildings is land amounting to £1,225,650.

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)

13.

8. Fixed assets (continued)

<u>Company</u>	<u>Land and buildings</u>		<u>Plant, machinery and vehicles</u>	<u>Total</u>
	<u>Freehold</u> £	<u>Long leasehold</u> £	£	£
Cost or valuation at 31st December 1977	4,135,015	463,479	4,944,339	9,542,833
Additions	289,815	51,442	705,185	1,046,442
Disposals	(2,030)	(336,854)	(574,114)	(912,998)
Amounts written out	-	-	(334,973)	(334,973)
Group transfers	294,504	-	1,086,142	1,380,646
At 31st December 1978	4,717,304	178,067	5,826,579	10,721,950
<u>Representing items at:</u>				
Cost	4,148,359	93,317	4,911,514	9,153,190
Valuation in 1969	-	84,750	-	84,750
Valuation in 1971	-	-	362,183	362,183
Valuation in 1972	568,945	-	552,882	1,121,827
	4,717,304	178,067	5,826,579	10,721,950
<u>Depreciation</u>				
At 31st December 1977	-	33,732	2,618,815	2,652,547
For the period	10,481	2,107	504,762	517,350
On disposals	-	(31,622)	(403,640)	(435,262)
On group transfers	58,011	-	476,977	534,988
Amounts written out	-	-	(238,253)	(238,253)
Exceptional charge	-	-	210,061	210,061
At 31st December 1978	68,492	4,217	3,168,722	3,241,431
<u>Net book value</u>				
At 31st December 1978	4,648,812	173,850	2,657,857	7,480,519
Surplus on revaluation	2,245,132	14,150	-	2,259,282
	6,893,944	188,000	2,657,857	9,739,801
At 31st December 1977	4,135,015	429,747	2,325,524	6,890,286

Included in the revaluation of freehold land and buildings is land amounting to £1,225,650.

It has been the accounting policy to provide depreciation on certain but not all of the freehold buildings in the group. The directors, however, having regard to the requirements of the Statement of Standard Accounting Practice No. 12, which they will adopt as from the 1st January 1979, have had a revaluation of land and buildings on an existing use basis carried out at 31st December 1978 by Messrs. Henry Butcher & Co., in order to provide a proper base for the calculation of depreciation in the future. If the requirements of SSAP 12 had been adopted for the year 1978 the depreciation for the group at 2% on historic cost or valuation (prior to 31st December 1978) would have amounted to £80,000. The surplus arising on revaluation over the net book value has been transferred to capital reserve.

ADAMS FOODS LIMITED
'AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)

14.

8. Fixed assets (continued)

<u>Capital commitments</u>	<u>1978</u> £	<u>1977</u> £
Capital expenditure for which contracts have been placed:		
group	285,000	61,847
company	<u>285,000</u>	<u>54,347</u>
Capital expenditure authorised but not contracted for:		
group	139,000	257,222
company	<u>139,000</u>	<u>239,722</u>

9. Investments in subsidiary companies

	£	£
Shares at cost	3,269,732	2,155,168
Amounts due to subsidiary companies	<u>(2,031,482)</u>	<u>(1,459,302)</u>
	<u>1,238,250</u>	<u>695,866</u>

The subsidiary companies, all of which are wholly owned are:-

Trading

Mathews & Skailles Limited
Cregagh Foods Limited

Further details regarding these companies are set out in the directors' report.

Non-trading

Adams Butter Limited
Adams Biscuits Limited
Adams Dairies Limited
Anglo-Continental Produce Company (1968) Limited (registered in Scotland)
Broadhurst & Company (Gadbrook) Limited
R. & W. Davidson Limited (registered in Scotland)
Elkes Biscuits Limited
Elkes Foods Limited
Elkes Staff Stores Limited
Kerrygold Fresh Foods Limited
Lloyds Dairies Limited
Western Wharves Limited

10. Trade investments

Investments at cost

Less Amount provided

<u>Group</u>		<u>Company</u>	
<u>1978</u> £	<u>1977</u> £	<u>1978</u> £	<u>1977</u> £
41,479	27,600	41,400	27,600
<u>(41,400)</u>	<u>-</u>	<u>(41,400)</u>	<u>-</u>
<u>79</u>	<u>27,600</u>	<u>-</u>	<u>27,600</u>

ADAMS FOODS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS (CONTINUED)

15.

11. <u>Stocks</u>	<u>Group</u>		<u>Company</u>	
	<u>1978</u> £	<u>1977</u> £	<u>1978</u> £	<u>1977</u> £
Raw material and bulk stocks	12,261,737	10,093,256	10,778,989	9,793,032
Finished goods	994,021	1,080,171	785,376	799,445
Sundry stocks	232,800	266,688	206,823	266,688
	<u>13,488,558</u>	<u>11,440,115</u>	<u>11,771,188</u>	<u>10,859,165</u>

12. <u>Loans</u>	<u>1978</u> £	<u>1977</u> £
Short term bank loans - unsecured	1,250,000	1,750,000
Short term bank loan - secured	<u>250,000</u>	<u>250,000</u>
	1,500,000	2,000,000
Medium term loan, secured against freehold property, repayable in three equal instalments (the instalment due 30th June 1979 is included above)	<u>500,000</u>	<u>750,000</u>

13. <u>Share capital</u>	<u>31st December 1977 and 1978</u>	
	<u>Authorised</u> £	<u>Issued and fully paid</u> £
7% (now 4.9% plus tax credit) cumulative preference shares of £1 each	100,000	100,000
Ordinary shares of 10p each	<u>2,000,000</u>	<u>1,705,792</u>
	<u>2,100,000</u>	<u>1,805,792</u>

14. <u>Capital reserves</u>	<u>Group</u> £	<u>Company</u> £
At 31st December 1977	1,355,997	1,428,857
Surplus on revaluation of land and buildings	2,259,282	2,259,282
Goodwill arising on consolidation of subsidiary company	<u>(154,375)</u>	<u>-</u>
	<u>3,460,904</u>	<u>3,688,139</u>

15. Deferred taxation

The application of the accounting policy on deferred taxation results in no provision being required in these accounts.

The provision, had the company fully provided for deferred taxation under the liability method, would be as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>1978</u> £	<u>1977</u> £	<u>1978</u> £	<u>1977</u> £
Taxation deferred in respect of:-				
Stock appreciation relief	5,568,684	4,658,598	5,114,199	4,483,379
Accelerated capital allowances	2,513,426	2,419,329	2,362,866	2,092,557
Other timing differences	(14,093)	(20,887)	(14,093)	(17,896)
Available tax losses carried forward	(6,137,017)	(5,588,040)	(5,852,972)	(5,588,040)
Corporation tax on capital gains arising should the fixed assets be realised at the revalued amount	<u>665,000</u>	<u>-</u>	<u>603,000</u>	<u>-</u>
	<u>2,596,000</u>	<u>1,469,000</u>	<u>2,213,000</u>	<u>970,000</u>

ADAMS FOODS LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)

16. Bank overdraft

The bank overdraft includes an amount of £225,000 in respect of a subsidiary company, which is secured.

17. Holding company

The company is a wholly owned subsidiary of An Bord Bainne Co-operative Limited, a company incorporated in the Republic of Ireland, which is the ultimate holding company.

18. Loan to an officer

A loan of £15,000 due from a director was repaid prior to the year end.

19. Contingent liabilities

There is a contingent liability in respect of bills of exchange discounted of £224,745.