Jacksons of Piccadilly Limited

Directors' report and financial statements

12 September 1998
Registered number 416245

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 12 September 1998.

Principal activities

In the course of the period the principal activities were the purchase and sale of tea and coffee.

Business review and future developments

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments would be related to these activities.

The company remains conscious of its responsibilities in respect of the environment. Consequently the company continues to actively pursue environmentally friendly policies particularly in relation to packaging, energy conservation and disposal of waste products.

Year 2000

Associated British Foods plc has recognised that the Year 2000 millennium 'computer bug' is an important issue and has established a programme throughout the Group to address this problem.

An ABF Co Limited is following the framework set out by Associated British Foods plc and work has been completed on assessing the impact upon the company and remedial project plans are being implemented.

Costs of implementing the Year 2000 compliance programme are to be charged in part to capital expenditure and in part to operating costs, in accordance with Urgent Issues Task Force Abstract 20.

There can be no absolute guarantee that the problem will have been completely eliminated in advance of the Year 2000. However, the company is taking the steps it considers necessary to mitigate the risks and is well advanced in its preparation for compliance.

Trading results and transfer to reserves

The profit and loss account for the period is set out on page 5. The profit/(loss) on ordinary activities after payment of group relief and taxation amounted to £(118,897) *(1997:£17,726)*. The directors do not recommend the payment of a dividend.

Fixed assets

Changes in tangible fixed assets are shown in note 7. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded that amount included in the balance sheet, but they are unable to quantify the excess.

Directors and directors' interests

The directors who held office during the year were as follows:

BJ Evans
JE Leeder (managing director)
PD Bowles

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Notification of any interest in shares in this company and shares in or debentures of other group companies by BJ Evans and JE Leeder was not required because at the end of the period each was also a director of a company of which this company is a wholly owned subsidiary undertaking

According to the register of directors' interests, no rights to subscribe for shares in this company or shares in or debentures of any other group company were granted to any of the directors or their immediate families, during the financial period.

PD Bowles notified no interests.

No director has at any time during the period any material interest in a contract with the company, other than service contracts.

By order of the board

WB Wright
MR Gore
Joint Secretaries

Weston Centre
Bowater House
68 Knightsbridge
London
SW1X 7LR

13 October 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.

KPMG

KPMG Audit Plc
Arlington Business Park
Theale
Reading, RG7 4SD
United Kingdom

Report of the auditors to the members of Jacksons of Piccadilly Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 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

As explained in the accounting policies (note 2) no provision has been made for deferred tax. Note 6 specifies the total potential amount of deferred taxation not provided but no assessment has been made of the extent to which it is probable that this might crystallise and therefore, of the amount for which provision should be made in accordance with the requirements of Statement of Standard Accounting Practice No. 15 and the Companies Act 1985.

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 12 September 1998 and of its loss for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 November 1998

Profit and loss account
for the period ended 12 September 1998

	Note	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Turnover			
Continuing operations	3	**6,459,631**	6,614,761
Operating profit on ordinary activities before taxation			
Continuing operations	3	**41,845**	655,067
Tax on profit on ordinary activities	6	**(160,742)**	(637,341)
Retained (loss)/profit for the financial period		**(118,897)**	17,726
Retained profit brought forward		**372,680**	354,954
Retained profit carried forward		**253,783**	372,680

A statement of movement of reserves is given in note 13.

There are no recognised gains or losses other than the profit for the period and the previous period.

There is no material difference between the company's results as reported and on a historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

Balance sheet
at 12 September 1998

	Note	**12 September 1998**		13 September 1997	
		£	**£**	£	£
Fixed assets					
Tangible assets	*7*		589,970		626,275
Current assets					
Stocks	*9*	1,597,058		1,151,838	
Debtors	*10*	838,048		1,351,702	
Cash at bank and in hand		-		-	
		2,435,106		2,503,540	
Creditors: amounts falling due within one year	*11*	(2,771,289)		(2,757,131)	
Net current assets			(336,183)		(253,591)
Net assets			253,787		372,684
Capital and reserves					
Called up share capital	*12*		4		4
Profit and loss account	*13*		253,783		372,680
Total equity shareholders' funds	*14*		253,787		372,684

These financial statements were approved by the board of directors on 13 October 1998 and were signed on its behalf by:

BJ Evans
Director

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 12 September 1998.

2 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 except that, for the reason set out in the deferred tax accounting policy, they do not comply with the Statement of Standard Accounting Practice No. 15.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods during the period.

Fixed assets and depreciation

Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the anticipated life of the asset. Leaseholds are written off over the period of the lease. The anticipated life of other assets is deemed to be no longer than:

Plant, machinery, fixtures and fittings	-	5 to 12 years
Vehicles	-	5 years

Leases

All leases entered into by the company are operating leases whereby substantially all the risks and rewards of ownership of an asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision against obsolete and slow-moving items. In the case of finished goods manufactured by the company the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

Notes *(continued)*

Accounting policies (continued)

Deferred taxation

No provision has been made for deferred tax as the company is a member of a group which provides for deferred tax only in the group financial statements. The assessment of what deferred tax, if any, will become payable in the foreseeable future has not been made separately for this company.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account as incurred.

3 Operating profit

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
These amounts derive entirely from continuing operations:		
Turnover	**6,459,631**	6,614,761
Cost of sales	**(5,540,987)**	(5,499,244)
Gross profit	**918,644**	1,115,517
Distribution costs	**(82,952)**	(85,770)
Administrative expenses	**(793,847)**	(374,680)
Operating profit	**41,845**	655,067
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	**106,037**	114,725
Rentals payable under property leases	**244,972**	212,632
Auditors remuneration - audit fees	**18,400**	16,400
Turnover comprises:		
Home trade	**5,660,054**	5,811,049
Export	**799,577**	803,712
	6,459,631	6,614,761

Administration expenses include an amount £456,752 written off in respect of loans to other group companies.

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees	
	52 week period ended 12 September 1998	52 week period ended 13 September 1997
Production	**33**	35
Administration	**5**	6
	38	41

The aggregate payroll costs of these persons were as follows:

	52 week period ended 12 September 1998	52 week period ended 13 September 1997
	£	£
Wages and salaries	**518,295**	542,613
Social security costs	**37,833**	39,897
Other pension costs	**33,719**	29,084
	589,847	611,594

5 Remuneration of directors

	52 week period ended 12 September 1998	52 week period ended 13 September 1997
	£	£
Directors' emoluments	**40,582**	38,121

Notes *(continued)*

6 Taxation on profit on ordinary activities

	52 week period ended 12 September 1998	52 week period ended 13 September 1997
	£	£
Adjustment relating to earlier periods	**160,742**	(31,243)
Group relief payment	**-**	668,584
	160,742	637,341

The corporation tax liability for the year has been reduced by £nil *(1997:£214,478)* as a result of group relief for a fellow subsidiary.

The tax charge for the year has been reduced by the effect of accelerated capital allowances of £2,016 *(1997:£12,217)* and other timing differences of £629 *(1997:£226)*.

As explained in the accounting policies (note 2) no provision has been made for deferred tax. The full potential amounts of deferred tax would be as follows:

	Accelerated capital allowances	**Other timing differences**	**Total**
	£	£	£
At 12 September 1998	87,732	(2,923)	84,809
At 13 September 1997	89,748	(893)	88,855

Notes *(continued)*

7 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£
Cost [or valuation]				
At beginning of period	73,423	852,756	518,723	1,444,902
Additions	-	75,083	21,140	96,223
Disposals	-	(39,049)	(9,142)	(48,191)
At end of period	73,423	888,790	530,721	1,492,934
Depreciation				
At beginning of period	32,124	471,237	315,266	818,627
Charge for year	1,755	57,275	47,007	106,037
On disposals	-	(12,558)	(9,142)	(21,700)
At end of year	33,879	515,954	353,131	902,964
Net book value				
At 12 September 1998	**39,544**	**372,836**	**177,590**	**589,970**
At 13 September 1997	41,299	381,519	203,457	626,275

All land and buildings are short leasehold

8 Capital commitments

There are commitments for capital expenditure by the company of £29,208 *(1997:£9,167)* for which no provision has been made in these financial statements. The directors have approved further capital expenditure of £167,239 *(1997:£198,096)* for which there are no commitments.

9 Stocks

	12 September 1998	13 September 1997
	£	£
Raw materials and consumables	**1,373,705**	755,117
Finished goods and goods for resale	**223,353**	396,721
	1,597,058	1,151,838

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

Notes *(continued)*

10 Debtors

	12 September 1998 £	13 September 1997 £
Trade debtors	727,553	825,171
Amounts owed by parent and fellow subsidiary undertakings	11,134	460,996
Other debtors	62,664	19,536
Prepayments and accrued income	36,697	45,999
	838,048	1,351,702

11 Creditors: amounts falling due within one year

	12 September 1998 £	13 September 1997 £
Overdraft	13,015	715
Trade creditors	401,563	254,239
Amounts owed to parent and fellow subsidiary undertakings	2,152,067	2,446,651
Taxation and social security	387	538
Corporation tax	160,742	-
Accruals and deferred income	43,515	54,988
	2,771,289	2,757,131

12 Called up share capital

	12 September 1998 £	13 September 1997 £
Authorised		
Equity: Ordinary shares of £1 each	50	50
Non-equity: 5 % non cumulative preference shares of £1 each	50	50
	100	100
Allotted, called up and fully paid		
Equity: Ordinary shares of £1 each	3	3
Non-equity: 5 % non cumulative preference shares of £1 each	1	1
	4	4

Notes *(continued)*

13 Reserves

	Profit and loss account
	£
At beginning of period	372,684
Retained profit/(loss) for the period	(118,897)
At end of period	253,787

14 Reconciliation of movements in shareholders' funds

	12 September 1998	13 September 1997
	£	£
Opening shareholders' funds	**372,684**	354,958
Profit for the financial period	**(118,897)**	17,726
Closing shareholders' funds	**253,787**	372,684

15 Contingent liabilities

The company, together with Associated British Foods plc and certain fellow UK subsidiary undertakings, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers.

16 Lease commitments

The company had minimum annual commitments under non-cancellable operating leases which expire as follows:

	12 September 1998		13 September 1997	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Over five years	**162,018**	-	70,492	-
In two to five years	**82,954**	-	165,120	-
	244,972	-	235,612	-

Notes *(continued)*

17 Holding company

The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England.

18 Pension costs

The group's pension costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of Associated British Foods plc.

The company pays a regular amount to Associated British Foods plc which makes contributions to the group scheme on its behalf. Any benefits or costs arising as a result of a scheme surplus or deficit are retained or borne by Associated British Foods plc. From the perspective of the company the scheme operates similarly to a defined contribution scheme: the particular requirements of SSAP 24 concerning accounting for a defined benefit scheme, which would require the surplus or deficit to be recognised in this company, do not apply. In the opinion of the directors this treatment is appropriate in order to reflect the substance of the company's pension arrangements.