

PUKKA PIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

27TH MAY 1995



Company Number 1008747 (England and Wales)

PUKKA PIES LIMITED

COMPANY INFORMATION AS AT 27TH MAY 1995

DIRECTORS

Mr T K Storer (Chairman)
Mr A J Storer (Joint Managing)
Mr T D Storer (Joint Managing)
Mrs V C Storer

SECRETARY

Mr T K Storer

COMPANY NUMBER

1008747 (England and Wales)

REGISTERED OFFICE

The Halfcroft
Syston
Leicester
LE7 1LD

AUDITORS

Ernest E Smith & Company
Chartered Accountants
and Registered Auditors
20 St Margaret's Way
Leicester
LE1 3EA

BANKERS

National Westminster Bank Plc
5 The Parade
Oadby
Leicester
LE2 5BB

PUKKA PIES LIMITED

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27TH MAY 1995

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PUKKA PIES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the period from 29th May 1994 to 27th May 1995.

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 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Business Review

The Directors consider the results for the period and the financial position at 27th May 1995 to be satisfactory.

Dividends and Reserves

The Directors recommend payment of a dividend of £12.00 per share. The balance of undistributed profits carried forward is £7,265,867.

Fixed Assets

The movement of tangible fixed assets is shown in note 2 to the accounts.

Principal Activity

The Company carries on business as Pie Manufacturers.

PUKKA PIES LIMITED

DIRECTORS' REPORT, continued

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Directors

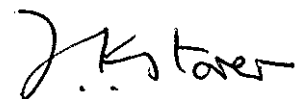
The Directors and the number of the Company's shares in which they were interested at the beginning and end of the period were as follows:

| | |
|----------------|-------|
| Mr T K Storer | 29700 |
| Mrs V C Storer | 8000 |
| Mr A J Storer | 4100 |
| Mr T D Storer | 4100 |

Auditors

The auditors, Messrs Ernest E Smith & Company, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 2nd October 1995 and signed on its behalf.



T K Storer
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF

PUKKA PIES LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 27th May 1995 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Ernest E Smith & Co.

2nd OCTOBER 1995

ERNEST E SMITH & COMPANY
Chartered Accountants
Registered Auditors

20 St Margaret's Way
Leicester LE1 3EA

PUKKA PIES LIMITED

BALANCE SHEET AS AT 27TH MAY 1995

| <u>28 May 1994</u> | | | <u>Note</u> |
|--------------------|---|--------------------|-------------|
| | <u>FIXED ASSETS</u> | | |
| 6118221 | Tangible Assets | 6059997 | 2 |
| | <u>CURRENT ASSETS</u> | | |
| 488369 | Stock | 571489 | 3 |
| 982118 | Debtors | 1082843 | 4 |
| <u>1466079</u> | Cash at Bank and in Hand | <u>2261926</u> | |
| 2936566 | | 3916258 | |
| <u>1083859</u> | <u>Creditors: Amounts</u> falling due within one year | <u>1325218</u> | 5 |
| <u>1852707</u> | NET CURRENT ASSETS | <u>2591040</u> | |
| 7970928 | | 8651037 | |
| <u>187003</u> | NET PENSION PROVISION | <u>187003</u> | 6 |
| £ 7783925 ===== | NET ASSETS | £ 8464034 ===== | |
| | <u>CAPITAL AND RESERVES</u> | | |
| 50000 | Called Up Share Capital | 50000 | 7 |
| 1148167 | Capital Reserve | 1148167 | 8 |
| <u>6585758</u> | Profit and Loss Account | <u>7265867</u> | |
| £ 7783925 ===== | SHAREHOLDERS' FUNDS | £ 8464034 ===== | 9 |

The financial statements were approved by the Board on 2nd October 1995 and signed on its behalf.


T K Storer
Director

The notes of pages 8 to 14 form part of these financial statements.

PUKKA PIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM
29TH MAY 1994 TO 27TH MAY 1995

Period from
30th May 1993
to 28th May 1994

Note

| | | | |
|-----------|--|----------|----|
| 11939762 | Turnover | 13521460 | 1 |
| 5201048 | Raw Materials and Consumables | 6058076 | |
| 3355758 | Staff Costs | 3525518 | 10 |
| 549274 | Depreciation of Fixed Assets | 584069 | |
| 1509027 | Other Operating Costs | 1549326 | |
| 1324655 | Operating Profit | 1804471 | |
| 69444 | Interest Received | 76243 | |
| 1394099 | Profit on Ordinary Activities before Taxation | 1880714 | 12 |
| 438106 | Taxation on Profit on Ordinary Activities | 600605 | 14 |
| 955993 | Profit on Ordinary Activities after Taxation | 1280109 | |
| 500000 | Proposed Dividend | 600000 | 15 |
| 455993 | Retained Profit for the Period | 680109 | |
| 6129765 | Retained Profit brought forward | 6585758 | |
| £ 6585758 | Retained Profit carried forward £ | 7265867 | |
| ===== | | ===== | |

There were no recognised gains and losses for 1995 and 1994 other than those included in the Profit and Loss Account.

The notes on pages 8 to 14 form part of these financial statements.

PUKKA PIES LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 27TH MAY 1995

Period from 30 May 1993
to 28 May 1994

Note

| | | | |
|-------------------|--|-------------------|---|
| 1904140 | <u>NET CASH INFLOW FROM</u> <u>OPERATING ACTIVITIES</u> | 2152477 | 1 |
| | <u>RETURNS ON INVESTMENTS AND</u> <u>SERVICING OF FINANCE</u> | | |
| 69444 | Interest Received | 76243 | |
| (<u>500000</u>) | Dividends Paid | (<u>500000</u>) | |
| | <u>NET CASH OUTFLOW FROM RETURNS</u> <u>ON INVESTMENTS AND SERVICING</u> <u>OF FINANCE</u> | (423757) | |
| (430556) | | | |
| | <u>TAXATION</u> | | |
| (<u>573495</u>) | Corporation Tax Paid (<u>407029</u>) | | |
| (573495) | TAX PAID | (407029) | |
| | <u>INVESTING ACTIVITIES</u> | | |
| (1195278) | Payments to Acquire Tangible Fixed Assets | (532444) | |
| <u>40205</u> | Receipts from Sale of Tangible Fixed Assets | <u>6600</u> | |
| (1155073) | <u>NET CASH OUTFLOW FROM</u> <u>INVESTING ACTIVITIES</u> | (525844) | |
| | | | |
| £(254984) | <u>INCREASE (DECREASE)</u> <u>IN CASH</u> | £ 795847 | 2 |
| ===== | | ===== | |

PUKKA PIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD ENDED 27TH MAY 1995

Period from
30th May 1993
to 28th May 1994

1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

| | | |
|-----------|---|-----------|
| 1324655 | Operating Profit | 1804471 |
| 549274 | Depreciation | 584069 |
| 79355 | Pension Provision | - |
| (55200) | Increase in Stocks | (83120) |
| 49438 | (Increase) Decrease in Debtors | (100725) |
| (43382) | Decrease in Creditors | (52218) |
| ----- | | ----- |
| £ 1904140 | Net Cash Inflow from Operating Activities | £ 2152477 |
| ===== | | ===== |

2. Analysis of Changes in Cash During the Period

| | | |
|-----------|---------------------------|-----------|
| 1721063 | Balance at 28th May 1994 | 1466079 |
| (254984) | Net Cash Inflow (Outflow) | 795847 |
| ----- | | ----- |
| £ 1466079 | Balance at 27th May 1995 | £ 2261926 |
| ===== | | ===== |

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27TH MAY 1995

1. Accounting Policies

a) Basis of Preparation of Accounts

The Accounts have been prepared under the historical cost convention and include the results of the Company's operations as indicated in the Directors' Report, all of which are continuing.

b) Accounting Standards

The Accounts have been prepared in accordance with applicable accounting standards.

c) Depreciation

Depreciation has been calculated to write off the cost of fixed assets, less estimated residual value, over their expected useful lives on the following bases:

| | |
|--------------------|-------------------------------|
| Freehold Property | 2% of cost/valuation |
| Plant and Fixtures | 15%/30% of written down value |
| Motor Vehicles | 25% of written down value |

d) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

e) Turnover

Turnover represents the value of goods sold by the Company, excluding Value Added Tax.

f) Stocks

Stocks are stated at the lower of cost or net realisable value. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

g. Deferred Taxation

No provision has been made for deferred taxation as it is not known to what extent it will become payable. The contingent liability, calculated at 33%, is £506759.

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27TH MAY 1995

1. Accounting Policies, continued

h) Pension Costs

Pension costs are determined actuarially so as to spread the cost of providing pension benefits over the estimated period of employees' pensionable service with the Company.

The Pension Scheme deficit will be spread over the expected remaining service lives of current employees in the Scheme.

2. Tangible Fixed Assets

| | <u>Freehold Property</u> | <u>Plant and Fixtures</u> | <u>Motor Vehicles</u> |
|-----------------------|------------------------------|-------------------------------|---------------------------|
| <u>Cost/Valuation</u> | | | |
| At 28th May 1994 | 3640918 | 5427949 | 866659 |
| Additions | 24789 | 469695 | 37960 |
| Disposals | — | — | (23446) |
| At 27th May 1995 | £ 3665707 ===== | £ 5897644 ===== | £ 881173 ===== |

The Freehold Property is as professionally valued on 2nd May 1990 with subsequent additions at cost.

Depreciation

| | | | |
|-------------------|-------------------|--------------------|-------------------|
| At 28th May 1994 | 341812 | 2998465 | 477028 |
| Charged in Period | 49674 | 430138 | 104526 |
| Disposals | — | — | (17116) |
| At 27th May 1995 | £ 391486 ===== | £ 3428603 ===== | £ 564438 ===== |

Net Book Value

| | | | |
|------------------|--------------------|--------------------|-------------------|
| At 27th May 1995 | £ 3274221 ===== | £ 2469041 ===== | £ 316735 ===== |
| At 28th May 1994 | £ 3299106 ===== | £ 2429484 ===== | £ 389631 ===== |

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27TH MAY 1995

3. Stocks

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|---------------|---------------|
| Raw Materials and Consumables | 362557 | 312975 |
| Finished Goods | <u>208932</u> | <u>175394</u> |
| | £ 571489 | £ 488369 |
| | ===== | ===== |

4. Debtors

| | <u>1995</u> | <u>1994</u> |
|----------------------------|--------------|--------------|
| <u>Due within one year</u> | | |
| Trade Debtors | 984767 | 850641 |
| Other Debtors | 38597 | 39942 |
| Prepayments | <u>59479</u> | <u>91535</u> |
| | £ 1082843 | £ 982118 |
| | ===== | ===== |

5. Creditors: Amounts falling due within one year

| | <u>1995</u> | <u>1994</u> |
|------------------------------|--------------|-------------|
| Trade Creditors | 74349 | 151702 |
| Taxation and Social Security | 510166 | 313653 |
| Accruals | 100703 | 118504 |
| Proposed Dividend | 600000 | 500000 |
| Directors' Remuneration | <u>40000</u> | <u>-</u> |
| | £ 1325218 | £ 1083859 |
| | ===== | ===== |

6. Net Pension Provision

This is the excess of pension costs as defined in note 1(h) over contributions paid.

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH MAY 1995

7. Share Capital

| | <u>1995</u> | <u>1994</u> |
|------------------------------------|-------------|-------------|
| Authorised, Issued and Fully Paid: | | |
| 50,000 Ordinary Shares of | | |
| £1 each | £ 50000 | £ 50000 |
| | ===== | ===== |

8. Capital Reserve

| | <u>1995</u> | <u>1994</u> |
|---------------------------|-------------|-------------|
| Surplus on Revaluation of | | |
| Freehold Property | £ 1148167 | £ 1148167 |
| | ===== | ===== |

9. Movement on Shareholders' Funds

| | <u>1995</u> | <u>1994</u> |
|-----------------------------|----------------|----------------|
| Profit for the Year | 1280109 | 955993 |
| Less Dividends | <u>600000</u> | <u>500000</u> |
| Net Addition to | | |
| Shareholders' Funds | 680109 | 455993 |
| Opening Shareholders' Funds | <u>7783925</u> | <u>7327932</u> |
| Closing Shareholders' Funds | £ 8464034 | £ 7783925 |
| | ===== | ===== |

10. Staff Costs

The average number of persons employed by the Company was as follows:

| | <u>1995</u> | <u>1994</u> |
|-----------|-------------|-------------|
| Directors | 4 | 4 |
| Staff | <u>214</u> | <u>210</u> |
| | 218 | 214 |
| | === | === |

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27TH MAY 1995

10. Staff Costs, continued

The aggregate payroll costs were as follows:

| | <u>1995</u> | <u>1994</u> |
|-------------------------|---------------|---------------|
| Wages and Salaries | 3097458 | 2939186 |
| Social Security Costs | 249538 | 248820 |
| Pension Costs (note 11) | <u>178522</u> | <u>167752</u> |
| | £ 3525518 | £ 3355758 |
| | ===== | ===== |

11. Pension Costs

The Company operates a defined benefit scheme. The assets of the Scheme are held separately from those of the Company in independently administered funds.

An actuarial valuation of the Scheme was carried out at 6th April 1994 using the Projected Unit method. The principal assumptions used were an investment yield of 9% per annum and future salary increases of 8% per annum. The Ongoing Fund value was £1,699,000 and this represented 93% of the benefits accrued to members.

12. Profit on Ordinary Activities

| | <u>1995</u> | <u>1994</u> |
|--|-------------|-------------|
| Profit is stated after charging: | | |
| Auditors' Remuneration | £ 13910 | £ 13160 |
| Directors' Remuneration (note 13) | £ 349685 | £ 276904 |
| Operating Lease Rentals - Equipment | £ 5738 | £ 5900 |

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27TH MAY 1995

13. Directors' Remuneration

Excluding pension contributions, the Directors' remuneration was as follows:

| | <u>1995</u> | <u>1994</u> |
|------------------|-------------|-------------|
| Chairman | £ 107032 | £ 91056 |
| Other Directors: | | |
| £30001 - £35000 | - | 1 |
| £40001 - £45000 | 1 | - |
| £65001 - £70000 | - | 2 |
| £85001 - £90000 | 1 | - |
| £90001 - £95000 | 1 | - |

14. Taxation

| | <u>1995</u> | <u>1994</u> |
|--|------------------|--------------|
| UK Corporation Tax at 33% Payable on the Profit for the Period | 614000 | 427000 |
| Deferred Taxation | 3688 | (4499) |
| Adjustment for Previous Period | (<u>17083</u>) | <u>15605</u> |
| | £ 600605 | £ 438106 |
| | ===== | ===== |

If provision were made for deferred taxation on the basis of full potential liability the tax charge would increase by £3781 (1994 - £39112).

15. Dividend

Dividend proposed of £12.00 per share (1994 - £10.00).

16. Capital Commitments

At the year end the Company had capital commitments as follows:

| | <u>1995</u> | <u>1994</u> |
|---|-------------|-------------|
| Contracted for but not Provided in these Accounts | £ 180000 | £ - |
| | ===== | === |

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH MAY 1995

17. Other Commitments

At 27th May 1995 the company had capital commitments under non-cancellable operating leases as follows:

| | <u>1995</u> | <u>Equipment</u> | <u>1994</u> |
|-------------------------------|-------------|------------------|-------------|
| Expiry Date: | | | |
| Within one year | £ - | | £ 648 |
| Between two and five years | £ 5252 | | £ 5252 |