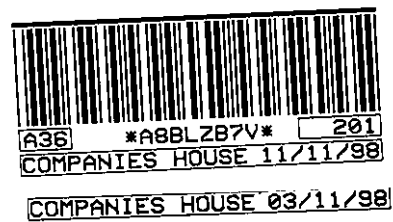


REGISTERED NUMBER: 1008747 (England and Wales)

PURKA PIES LIMITED
FINANCIAL STATEMENTS
30TH MAY 1998



PUKKA PIES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH MAY 1998

The directors present their report and the audited financial statements for the year ended 30th May 1998.

Principal activity

The principal activity of the company is pie manufacturing.

Business review

The directors consider the results for the period and the financial position at 30th May 1998 to be satisfactory.

Appropriation of results

The results for the period are shown in the profit and loss account on page 4.

An ordinary dividend amounting £512,500 is proposed, being £25 per share. Mr and Mrs T. K. Storer waive their entitlement on a total of 29,500 shares. The balance of the profit for the year is to be transferred to reserves.

Fixed assets

As disclosed in notes 9 and 11 to the financial statements, the company incurred substantial expenditure on new bakery premises and plant during the year. It is anticipated that the new facilities will become fully operational in the coming year.

Directors

The directors during the year and their interests in the shares of the company were as follows:

	<u>30th May 1998</u>	<u>1st June 1997</u>
	<u>Ordinary</u>	<u>Ordinary</u>
	<u>£1 shares</u>	<u>£1 shares</u>
T. K. Storer	29,700	29,700
A. J. Storer	4,100	4,100
T. D. Storer	4,100	4,100
V. C. Storer	8,000	8,000

Auditors

A resolution to re-appoint the auditors, Robert Whowell & Partners, will be proposed at the annual general meeting.

Signed on behalf of the
board of directors

T. K. Storer

.....
Secretary

Approved by the board: 9th October 1998

PUKKA PIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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 appropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the board

T. K. Storer

Tkstore
.....

9th October 1998

PUKKA PIES LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS
YEAR ENDED 30TH MAY 1998

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 error or other irregularity. 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 at 30th May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....
ROBERT WHOWELL & PARTNERS

REGISTERED AUDITORS

CHARTERED ACCOUNTANTS

3 Museum Square
Leicester
LE1 6UF

9th October 1998

PUKKA PIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH MAY 1998

	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Turnover	2	18,051,940	16,372,527
Cost of sales		9,445,609	8,691,316
GROSS PROFIT		8,606,331	7,681,211
Net operating expenses	3	3,594,598	3,556,978
OPERATING PROFIT	4	5,011,733	4,124,233
Interest payable and similar charges		1,471	2,634
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,010,262	4,121,599
Taxation	8	1,531,433	1,336,640
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,478,829	2,784,959
Dividends		512,500	1,517,000
RETAINED PROFIT FOR THE YEAR	14	2,966,329	1,267,959

Movement in reserves

Other movements in reserves are shown in note 14.

Continuing operations

None of the company's operations were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

HISTORICAL COST PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH MAY 1998

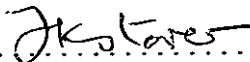
	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Reported profit on ordinary activities before tax	5,010,262	4,121,599
Difference between historical cost depreciation and actual depreciation charge of the year calculated on the revalued amount	4,750	33,250
Historical cost profit on ordinary activities before taxation	5,015,012	4,154,849

The notes on pages 6 to 11 form part of these accounts.
Auditors' report page 3.

PUKKA PIES LIMITED
BALANCE SHEET AS AT 30TH MAY 1998

	<u>Notes</u>	<u>£</u>	<u>1998</u>	<u>£</u>	<u>1997</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	9		6,561,794		5,708,739	
CURRENT ASSETS						
Stocks	10	810,962		628,030		
Debtors	11	2,315,557		1,510,346		
Cash at bank and in hand		5,644,089		5,073,515		
			8,770,608		7,211,891	
CREDITORS: Amounts falling due within one year	12	2,323,032		2,842,707		
NET CURRENT ASSETS			6,447,576		4,369,184	
TOTAL ASSETS LESS CURRENT LIABILITIES			13,009,370		10,077,923	
Net pension provision	7		121,000		155,882	
NET ASSETS			12,888,370		9,922,041	
CAPITAL AND RESERVES						
Called up share capital	13		50,000		50,000	
Revaluation reserve	14		1,110,167		1,114,917	
Profit and loss account	14		11,728,203		8,757,124	
EQUITY SHAREHOLDERS' FUNDS	15		12,888,370		9,922,041	

Signed on behalf of the board of directors

T. K. Storer 

 Director

Approved by the board: 9th October 1998

The notes on pages 6 to 11 form part of these accounts.
 Auditors' report page 3.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

1. ACCOUNTING POLICIES

The following are the main accounting policies of the company which have been used consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of certain fixed assets.

Turnover

Turnover represents the sale of goods and services excluding value added tax.

Depreciation

Depreciation is calculated to write off fixed assets by annual instalments over their estimated useful lives on the following bases:

Freehold land	Not depreciated
Freehold buildings	2% on cost or valuation
Plant and equipment	15% to 30% on net book value
Motor vehicles	25% on net book value

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Operating leases

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

Stocks

Stocks have been valued at the lower of cost and net realisable value. Provision has been made, where necessary, for obsolescent, slow moving and defective stock.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pension costs

The company operates a defined benefit scheme. The contributions are determined actuarially so as to spread the cost of providing pension benefits over the estimated period of employees' pensionable service with the company.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

2. TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

3. NET OPERATING EXPENSES

Net operating expenses are made up as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Administrative expenses	3,823,293	3,757,350
Less: Other operating income	228,695	200,372
	<u>3,594,598</u>	<u>3,556,978</u>

4. OPERATING PROFIT

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
Operating profit is stated after crediting:			
Interest receivable		228,695	200,372
Profit on sale of assets		1,503	14,127
		<u>230,198</u>	<u>214,499</u>
and after charging:			
Directors' emoluments	5	384,620	368,600
Directors' pension contributions	5	19,324	24,048
Operating lease rentals			
Equipment		-	2,626
Auditors' remuneration			
Audit		12,200	7,700
Other services		10,495	6,140
Depreciation of tangible fixed assets	9	519,902	531,141
		<u>636,517</u>	<u>642,655</u>

5. DIRECTORS' EMOLUMENTS

Emoluments of the directors including pension contributions are as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Remuneration in respect of qualifying services	342,400	322,400
Benefits in kind	42,220	46,200
Pension costs	19,324	24,048
	<u>403,944</u>	<u>392,648</u>

The emoluments excluding pension contributions of the chairman, who is also the highest paid director, are as follows:

	<u>£</u>	<u>£</u>
	118,749	117,937

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

6. EMPLOYEE INFORMATION

	<u>1998</u> £	<u>1997</u> £
Staff costs including directors' emoluments were as follows:		
Wages and salaries	3,855,423	3,553,871
Social security costs	338,053	309,538
Pension costs	204,975	188,442
	<u>4,398,451</u>	<u>4,051,851</u>
	<u>Number</u>	<u>Number</u>
Average number of employees including directors:		
Directors	4	4
Staff	239	218
	<u>243</u>	<u>222</u>

7. 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 on 6th April 1996 using the projected unit method. The principal assumptions used were an investment yield of 9% per annum and future salary increase of 8% per annum. The ongoing fund value was £2,070,000 and this represents 94% of the benefits accrued to members.

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

Pension contributions payable in the year amounted to £227,521 (1997 - £194,563). Contributions totalling £7,800 (1997 - £45,000) were payable at the year end and are included in creditors.

Net pension provision

This is the excess of pension costs, as defined in the accounting policies, over contributions paid.

8. TAXATION

	<u>1998</u> £	<u>1997</u> £
Corporation tax on the profit at 31% (1997 - 32.67%)	1,527,000	1,336,640
Under provision in previous year	4,433	-
	<u>1,531,433</u>	<u>1,336,640</u>

If full provision for deferred taxation was made this would produce an additional liability, calculated at 31% of approximately £250,000 (1997 - £215,000). This would have the effect of increasing the current year's taxation charge by £35,000 (1997 - decrease taxation charge by £22,102).

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

9. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant and Equipment</u>	<u>Land and Buildings</u>	<u>TOTAL</u>
	£	£	£	£
Cost or valuation				
1st June 1997	1,052,767	6,405,579	3,665,707	11,124,053
Additions	391,566	92,496	944,720	1,428,782
Disposals	(191,998)	(16,272)	-	(208,270)
	<u>1,252,335</u>	<u>6,481,803</u>	<u>4,610,427</u>	<u>12,344,565</u>
30th May 1998				
Depreciation				
1st June 1997	711,170	4,213,310	490,834	5,415,314
Charge for year	120,767	349,461	49,674	519,902
Disposals	(137,150)	(15,295)	-	(152,445)
	<u>694,787</u>	<u>4,547,476</u>	<u>540,508</u>	<u>5,782,771</u>
30th May 1998				
Net book value				
30th May 1998	<u>557,548</u>	<u>1,934,327</u>	<u>4,069,919</u>	<u>6,561,794</u>
31st May 1997	<u>341,597</u>	<u>2,192,269</u>	<u>3,174,873</u>	<u>5,708,739</u>

The freehold property was professionally valued on 2nd May 1990 with subsequent additions shown at cost; the directors are of the opinion that the current market value is not materially different from that stated above.

Additions in the year of £944,720 in respect of new buildings under construction have not been depreciated.

Depreciation of freehold buildings has been calculated on the revalued amount where applicable; based on cost the charge would have been lower by £4,750. If they had not been revalued, the freehold land and buildings would have been carried in the balance sheet at:

	£
Cost	3,462,260
Accumulated depreciation	502,508
	<u>2,959,752</u>

Freehold property includes freehold land at a valuation of £1,182,000 (£1,182,000).

10. STOCKS

	<u>1998</u>	<u>1997</u>
	£	£
Raw materials and consumables	372,816	306,853
Finished goods	438,146	321,177
	<u>810,962</u>	<u>628,030</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

11. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due within one year		
Trade debtors	1,514,520	1,316,644
Value added tax	171,405	48,661
Other debtors	3,029	2,530
Prepayments	130,614	142,511
Payments on account of new plant	495,989	-
	<u>2,315,557</u>	<u>1,510,346</u>

12. CREDITORS

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due within one year		
Trade creditors	490,117	162,565
Corporation tax	1,147,750	982,168
PAYE and NIC	17,200	18,291
Accruals	115,465	122,683
Proposed dividends	512,500	1,517,000
Directors' remuneration	40,000	40,000
	<u>2,323,032</u>	<u>2,842,707</u>

13. CALLED UP SHARE CAPITAL

	<u>1998</u>		<u>1997</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
		£		£
Authorised				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

14. MOVEMENT IN RESERVES**Revaluation reserve**

	<u>1998</u>	<u>1997</u>
	£	£
1st June 1997	1,114,917	1,148,167
Revaluation surplus realised		
Transferred to profit and loss account	(4,750)	(33,250)
30th May 1998	<u>1,110,167</u>	<u>1,114,917</u>

Profit and loss account

	<u>1998</u>	<u>1997</u>
	£	£
At 1st June 1997	8,757,124	7,455,915
Retained profit for the year	2,966,329	1,267,959
Revaluation surplus realised		
Transfer from revaluation reserve	4,750	33,250
At 30th May 1998	<u>11,728,203</u>	<u>8,757,124</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 30TH MAY 1998

15. EQUITY SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
Profit for the year after taxation	3,478,829	2,784,959
Dividends	512,500	1,517,000
	<hr/>	<hr/>
Opening shareholders' funds	2,966,329	1,267,959
	9,922,041	8,654,082
	<hr/>	<hr/>
Closing shareholders' funds	12,888,370	9,922,041
	<hr/> <hr/>	<hr/> <hr/>

16. CAPITAL EXPENDITURE APPROVED

The company had capital commitments at 30th May 1998 of £6,500,000 (1997 - £Nil).