

REGISTERED NUMBER: 1008747 (England and Wales)

PUKKA PIES LIMITED

FINANCIAL STATEMENTS

27TH MAY 2000



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PUKKA PIES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 27TH MAY 2000

The directors present their report and the audited financial statements for the year ended 27th May 2000.

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 27th May 2000 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 £1,000,000 is proposed, being £48.78 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 note 9 to the financial statements, the company incurred substantial expenditure on new bakery premises and plant during the year. The new facilities are now fully operational.

Directors

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

	<u>27th May 2000</u>	<u>30th May 1999</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

Donations

The company made charitable donations during the year amounting to £2,640.

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

T. K. Storer

Approved by the board: 10th August 2000

PUKKA PIES LIMITED
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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, 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.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 the prevention and detection of fraud and other irregularities.

By order of the board

T. K. Storer

..... *T. K. Storer*

10th August 2000

PUKKA PIES LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS
YEAR ENDED 27TH MAY 2000

We have audited the financial statements on pages 4 to 13 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.

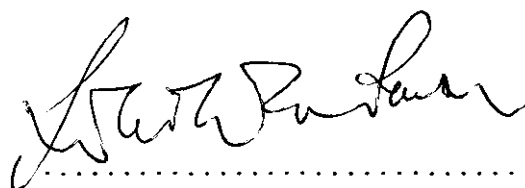
Basis of opinion

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 27th May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBERT HOWELL & PARTNERS

REGISTERED AUDITORS

CHARTERED ACCOUNTANTS

3 Museum Square
Leicester
LE1 6UF

10th August 2000

PUKKA PIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 27TH MAY 2000

	<u>Notes</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Turnover	2	19,237,570	18,719,071
Cost of sales		8,622,289	8,572,628
GROSS PROFIT		10,615,281	10,146,443
Net operating expenses	3	5,606,802	4,666,705
OPERATING PROFIT	4	5,008,479	5,479,738
Interest payable and similar charges		1,123	1,094
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,007,356	5,478,644
Taxation	8	1,409,824	1,439,366
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,597,532	4,039,278
Dividends		1,000,000	1,000,000
RETAINED PROFIT FOR THE YEAR		2,597,532	3,039,278

Movement in reserves

Movements in reserves are shown in note 15.

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 27TH MAY 2000

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Reported profit on ordinary activities before taxation	5,007,356	5,478,644
Difference between historical cost depreciation and actual depreciation charge of the year calculated on the revalued amount	4,750	4,750
Historical cost profit on ordinary activities before taxation	5,012,106	5,483,394

The notes on pages 6 to 12 form part of these accounts.
Auditors' report page 3.

PUKKA PIES LIMITED
BALANCE SHEET AS AT 27TH MAY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
FIXED ASSETS			
Tangible assets	9	14,722,250	12,499,677
CURRENT ASSETS			
Stocks	10	897,198	837,446
Debtors	11	1,829,873	1,726,138
Cash at bank and in hand		4,103,850	3,855,613
		<u>6,830,921</u>	<u>6,419,197</u>
CREDITORS: Amounts falling due within one year	12	<u>2,935,991</u>	<u>2,884,226</u>
NET CURRENT ASSETS		<u>3,894,930</u>	<u>3,534,971</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,617,181</u>	<u>16,034,648</u>
Provision for liabilities and charges	13	92,000	107,000
NET ASSETS		<u><u>18,525,180</u></u>	<u><u>15,927,648</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Revaluation reserve	15	1,100,667	1,105,417
Profit and loss account	15	17,374,513	14,772,231
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>18,525,180</u></u>	<u><u>15,927,648</u></u>

Signed on behalf of the board of directors

T.K.Storer

..... *T.K. Storer*

Approved by the board: 10th August 2000

The notes on pages 6 to 12 form part of these accounts.
Auditors' report page 3.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

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 - 27TH MAY 2000

2. TURNOVER

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

The geographical analysis of the turnover is as follows:

	<u>2000</u>	<u>1999</u>
	£	£
United Kingdom	19,004,477	18,540,042
Rest of Europe	233,093	179,029
	<u>19,237,570</u>	<u>18,719,071</u>

3. NET OPERATING EXPENSES

Net operating expenses are made up as follows:

	<u>2000</u>	<u>1999</u>
	£	£
Administrative expenses	5,837,367	4,925,151
Less: Other operating income	230,565	258,446
	<u>5,606,802</u>	<u>4,666,705</u>

4. OPERATING PROFIT

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Operating profit is stated after crediting:			
Interest receivable		230,565	258,446
and after charging:			
Directors' emoluments	5	456,380	424,331
Directors' pension contributions	5	24,440	26,485
Auditors' remuneration			
Audit		14,000	13,000
Other services		18,528	10,550
Depreciation of tangible fixed assets	9	1,388,504	681,613
Loss on sale of assets		1,175	62,377
		<u>1,388,504</u>	<u>681,613</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

5. DIRECTORS' EMOLUMENTS

Emoluments of the directors including pension contributions are as follows:

	<u>2000</u>	<u>1999</u>
	£	£
Remuneration in respect of qualifying services	396,000	365,600
Benefits in kind	60,380	58,731
Pension costs	24,440	26,485
	<u>480,820</u>	<u>450,816</u>

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

£	£
<u>135,128</u>	<u>127,724</u>

The number of directors accruing benefits under the defined benefits pension scheme was 3 (1999 - 3).

6. EMPLOYEE INFORMATION

	<u>2000</u>	<u>1999</u>
	£	£
Staff costs including directors' emoluments were as follows:		
Wages and salaries	4,361,184	4,138,525
Social security costs	330,539	336,573
Pension costs	304,410	241,844
	<u>4,996,133</u>	<u>4,716,942</u>

	<u>Number</u>	<u>Number</u>
Average number of employees including directors:		
Directors	4	4
Staff	<u>235</u>	<u>240</u>
	<u>239</u>	<u>244</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 1998 using the projected unit method. The principal assumptions used were an investment yield of 8% per annum and future salary increase of 6.5% per annum. The ongoing fund value was £3,189,000 and this represents 96% 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 and is provided for in these accounts (see note 13).

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

7. PENSION COSTS continued

Pension contributions payable in the year amounted to £313,543 (1999 - £245,204). There were no contributions payable at the year end (1999 - Nil).

Net pension provision

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

8. TAXATION

	<u>2000</u>	<u>1999</u>
	£	£
Corporation tax on the profit at 30% (1999 - 30.83%)	1,409,800	1,440,000
Under/(over) provision in previous years	24	(634)
	<u>1,409,824</u>	<u>1,439,366</u>

If full provision for deferred taxation, consisting of accelerated capital allowances, was made this would produce an additional liability, calculated at 30%, of approximately £501,000 (1999 - £443,000). This would have the effect of increasing the current year's taxation charge by £58,000 (1999 - £193,000).

9. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant and Equipment</u>	<u>Land and Buildings</u>	<u>TOTAL</u>
	£	£	£	£
Cost or valuation				
30th May 1999	1,375,238	9,888,067	7,376,612	18,639,917
Additions	242,925	1,349,189	2,021,206	3,613,320
Disposals	(11,625)	(14,880)	-	(26,505)
	<u>1,606,538</u>	<u>11,222,376</u>	<u>9,397,818</u>	<u>22,226,732</u>
Depreciation				
30th May 1999	753,544	4,778,033	608,663	6,140,240
Charge for year	159,937	1,064,251	164,316	1,388,504
Disposals	(9,382)	(14,880)	-	(24,262)
	<u>904,099</u>	<u>5,827,404</u>	<u>772,979</u>	<u>7,504,482</u>
Net book value				
27th May 2000	<u>702,439</u>	<u>5,394,972</u>	<u>8,624,839</u>	<u>14,722,250</u>
29th May 1999	<u>621,694</u>	<u>5,110,034</u>	<u>6,767,949</u>	<u>12,499,677</u>

The freehold property was professionally valued by Messrs Spencers Druce, Chartered Surveyors, on an open market basis on 2nd May 1990 with subsequent additions shown at cost. The directors are carrying out regular valuations of the freehold property and are of the opinion that the current market value is not materially different from that stated above.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

9. TANGIBLE FIXED ASSETS continued

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 (1999 - £4,750). If they had not been revalued, the freehold land and buildings would have been carried in the balance sheet at:

	<u>2000</u>	<u>1999</u>
	£	£
Cost	8,249,651	6,228,445
Accumulated depreciation	725,478	565,913
	<u>7,524,173</u>	<u>5,662,532</u>

Freehold property includes freehold land at a valuation of £1,182,000 (1999 - £1,182,000).

10. STOCKS

	<u>2000</u>	<u>1999</u>
	£	£
Raw materials and consumables	409,878	360,216
Finished goods	487,320	477,230
	<u>897,198</u>	<u>837,446</u>

11. DEBTORS

	<u>2000</u>	<u>1999</u>
	£	£
Amounts falling due within one year		
Trade debtors	1,428,848	1,390,679
Value added tax	169,681	114,757
Other debtors	101,250	3,784
Prepayments	130,094	120,740
Payments on account of new plant	-	96,178
	<u>1,829,873</u>	<u>1,726,138</u>

12. CREDITORS

	<u>2000</u>	<u>1999</u>
	£	£
Amounts falling due within one year		
Trade creditors	669,890	395,147
Corporation tax	889,800	1,311,576
PAYE and NIC	120,001	21,240
Proposed dividend	1,000,000	1,000,000
Accruals	216,300	116,263
Directors' remuneration	40,000	40,000
	<u>2,935,991</u>	<u>2,884,226</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

13. PROVISION FOR LIABILITIES AND CHARGES

Provision for the current deficit in the company's defined benefit pension scheme.

	<u>2000</u>	<u>1999</u>
	£	£
At 30th May 1999	107,000	121,000
Credited to profit and loss account	(15,000)	(14,000)
	<hr/>	<hr/>
At 27th May 2000	92,000	107,000
	<hr/>	<hr/>

14. CALLED UP SHARE CAPITAL

	<u>2000</u>		<u>1999</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><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Allotted, issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

15. MOVEMENT IN RESERVES

Revaluation reserve

	<u>2000</u>	<u>1999</u>
	£	£
30th May 1999	1,105,417	1,110,167
Revaluation surplus realised		
Transferred to profit and loss account	(4,750)	(4,750)
	<hr/>	<hr/>
27th May 2000	1,100,667	1,105,417
	<hr/>	<hr/>

Profit and loss account

	<u>2000</u>	<u>1999</u>
	£	£
At 30th May 1999	14,772,231	11,728,203
Retained profit for the year	2,597,532	3,039,278
Revaluation surplus realised		
Transfer from revaluation reserve	4,750	4,750
	<hr/>	<hr/>
At 27th May 2000	17,374,513	14,772,231
	<hr/>	<hr/>

16. EQUITY SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Profit for the year after taxation	3,597,532	4,039,278
Dividends	1,000,000	1,000,000
	<hr/>	<hr/>
	2,597,532	3,039,278
Opening shareholders' funds	15,927,648	12,888,370
	<hr/>	<hr/>
Closing shareholders' funds	18,525,180	15,927,648
	<hr/>	<hr/>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 27TH MAY 2000

17. CAPITAL EXPENDITURE APPROVED

The company had capital commitments at 27th May 2000 of £435,000 (1999 - £1,224,000).

18. CONTROLLING PARTY

T.K.Storer controls the company by virtue of him directly controlling 59.4% of the issued ordinary share capital.

PUKKA PIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 27TH MAY 2000

	<u>2000</u>	<u>1999</u>
	£	£
Net cash inflow from activities	6,461,524	6,422,991
Returns on investments		
Interest received	230,565	258,446
Taxation		
Corporation tax paid	(1,831,600)	(1,275,540)
Capital expenditure		
Purchase of tangible fixed assets	(3,613,320)	(6,719,473)
Sale of tangible fixed assets	1,068	37,600
	<u>(3,612,252)</u>	<u>(6,681,873)</u>
	1,248,237	(1,275,976)
Equity dividends paid	(1,000,000)	(512,500)
Increase/(decrease) in cash	<u>248,237</u>	<u>(1,788,476)</u>

Reconciliation of operating profit to net cash inflow from activities

	<u>2000</u>	<u>1999</u>
	£	£
Operating profit (excluding interest received)	4,776,791	5,220,198
Depreciation	1,388,504	681,613
Loss on sale of fixed assets	1,175	62,377
Increase in stocks	(59,752)	(26,484)
(Increase)/decrease in debtors	(103,735)	589,419
Increase/(decrease) in creditors	473,541	(90,132)
Decrease in net pension provision	(15,000)	(14,000)
Net cash inflow from operating activities	<u>6,461,524</u>	<u>6,422,991</u>

Reconciliation of net cash flow to movements in funds

	<u>2000</u>	<u>1999</u>
	£	£
Increase/(decrease) in cash	248,237	(1,788,476)
Net cash at 30th May 1999	<u>3,855,613</u>	<u>5,644,089</u>
Net cash at 27th May 2000	<u>4,103,850</u>	<u>3,855,613</u>