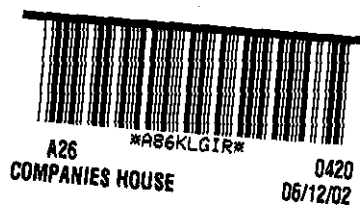


CO HOUSE

Registration number 1008747

PUKKA PIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002



PUKKA PIES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 25 MAY 2002

The directors present their report and the financial statements for the year ended 25 May 2002.

Principal activity and review of the business

The principal activity of the company is pie manufacturing.

The directors consider the results for the period and the financial position at 25 May 2002 to be satisfactory.

Results and dividends

The results for the year are set out on page 5.

The directors recommend payment of a final dividend amounting to £1,000,000.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	25 May '02	27 May '01
T.K. Storer	16,200	29,700
V.C. Storer	8,000	8,000
T.D. Storer	4,100	4,100
A.J. Storer	4,100	4,100

Charitable and political contributions

During the year the company contributed £4,930 to charities.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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.

Auditors

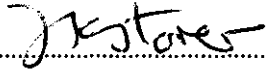
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Robert Whowell & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

PUKKA PIES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 25 MAY 2002

This report was approved by the Board on 26 November 2002 and signed on its behalf by

T.K.Storer

.....
Secretary

Handwritten signature of T.K. Storer in black ink, written over a dotted line.

PUKKA PIES LIMITED

YEAR ENDED 25 MAY 2002

Independent auditors' report to the shareholders of Pukka Pies Limited

We have audited the financial statements of Pukka Pies Limited for the year ended 25 May 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

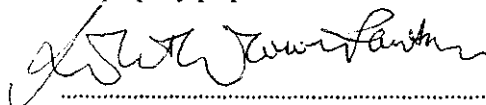
PUKKA PIES LIMITED

YEAR ENDED 25 MAY 2002

Independent auditors' report to the shareholders of Pukka Pies Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 25 May 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBERT WHOWELL & PARTNERS

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Westwood House
78 Loughborough Road
Quorn
Leicestershire
LE12 8DX

26 November 2002

PUKKA PIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 25 MAY 2002

		Continuing operations	
	Notes	2002 £	2001 £
Turnover	2	21,112,825	20,381,211
Cost of sales		(10,756,379)	(10,773,632)
Gross profit		10,356,446	9,607,579
Administrative expenses		(6,025,998)	(5,540,133)
Operating profit	3	4,330,448	4,067,446
Other interest receivable and similar income		265,670	232,863
Profit on ordinary activities before taxation		4,596,118	4,300,309
Tax on profit on ordinary activities	7	(1,881,340)	(1,215,633)
Profit on ordinary activities after taxation		2,714,778	3,084,676
Dividends	8	(1,000,000)	(1,000,000)
Retained profit for the year		1,714,778	2,084,676

There are no recognised gains or losses other than the profit or loss for the above two financial years.

Note of historical cost profits and losses

Profit on ordinary activities before taxation	4,596,118	4,300,309
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	4,750	4,750
Historical cost profit on ordinary activities before taxation	4,600,868	4,305,059
Historic cost profit for the year retained after taxation and dividends	1,719,528	2,089,426

The notes on pages 8 to 16 form an integral part of these financial statements.

PUKKA PIES LIMITED

BALANCE SHEET
AS AT 25 MAY 2002

		2002	2001
	Notes	£	£
Fixed assets			
Tangible assets	9	13,562,243	14,283,480
Current assets			
Stocks	10	1,240,420	1,071,615
Debtors	11	1,565,374	1,918,586
Cash at bank and in hand		8,697,628	5,525,803
		<u>11,503,422</u>	<u>8,516,004</u>
Creditors: amounts falling due within one year	12	<u>(2,221,030)</u>	<u>(2,189,627)</u>
Net current assets		<u>9,282,392</u>	<u>6,326,377</u>
Total assets less current liabilities		<u>22,844,635</u>	<u>20,609,857</u>
Provisions for liabilities and charges	13	<u>(520,000)</u>	<u>-</u>
Net assets		<u><u>22,324,635</u></u>	<u><u>20,609,857</u></u>
Capital and reserves			
Called up share capital	15	50,000	50,000
Revaluation reserve	16	1,091,167	1,095,917
Profit and loss account	16	21,183,468	19,463,940
Equity shareholders' funds	18	<u><u>22,324,635</u></u>	<u><u>20,609,857</u></u>

The financial statements were approved by the Board on 26 November 2002 and signed on its behalf by

T.K. Storer

.....
Director

The notes on pages 8 to 16 form an integral part of these financial statements.

PUKKA PIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 25 MAY 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		4,330,448	4,067,446
Depreciation		1,290,384	1,354,420
(Increase) in stocks		(168,805)	(174,417)
Decrease in debtors		353,212	(88,713)
(Decrease) in creditors		(20,246)	(486,264)
(Decrease) in provisions		-	(92,000)
Net cash inflow from operating activities		<u>5,784,993</u>	<u>4,580,472</u>
Cash flow statement			
Net cash inflow from operating activities		5,784,993	4,580,472
Returns on investments and servicing of finance	20	265,670	232,863
Taxation	20	(1,309,691)	(1,475,733)
Capital expenditure	20	(569,147)	(915,650)
		<u>4,171,825</u>	<u>2,421,952</u>
Equity dividends paid		(1,000,000)	(1,000,000)
Increase in cash in the year		<u>3,171,825</u>	<u>1,421,952</u>
Reconciliation of net cash flow to movement in net funds (Note 21)			
Increase in cash in the year		3,171,825	1,421,952
Net funds at 27 May 2001		<u>5,525,803</u>	<u>4,103,851</u>
Net funds at 25 May 2002		<u>8,697,628</u>	<u>5,525,803</u>

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

The company has consistently applied all relevant accounting standards.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% on cost or valuation for buildings only
Fixtures, fittings and equipment	-	15% to 30% on net book value
Motor vehicles	-	25% on net book value

The directors have adopted FRS 15 in relation to the revaluation of land and buildings. It is now company policy to carry out full valuations of these assets every five years with interim valuations in the intervening years. 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.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

2. Turnover

	2002	2001
	£	£
Geographical market		
UK	20,868,732	20,137,381
Europe	244,093	243,830
	<u>21,112,825</u>	<u>20,381,211</u>

3. Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	1,278,071	1,334,097
Loss on disposal of tangible fixed assets	12,313	20,323
Auditors' remuneration	15,000	14,000
	<u>1,295,384</u>	<u>1,368,420</u>

4. Interest receivable and similar income

	2002	2001
	£	£
Bank interest	<u>265,670</u>	<u>232,863</u>

5. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
	Number	Number
Directors	4	4
Staff	241	241
	<u>245</u>	<u>245</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	4,807,929	4,632,386
Social security costs	370,969	359,945
Other pension costs	752,729	636,251
	<u>5,931,627</u>	<u>5,628,582</u>

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

5.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	536,367	486,029
Pension contributions	22,800	21,200
	<u>559,167</u>	<u>507,229</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	-
Number of directors to whom retirement benefits are accruing under a defined benefit scheme	<u>2</u>	<u>2</u>
	£	£
Highest paid director		
Amounts included above:		
Emoluments and other benefits	149,587	142,415
Pension contributions	11,400	-
	<u>160,987</u>	<u>142,415</u>

6. Pension costs

The company operates a defined contribution pension scheme in respect of certain members of staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £20,000 (2001 - £-).

The company also operates a defined benefit scheme for the directors and staff. The assets of the scheme are held separately from those of the company in independently administered funds.

Analysis of the amount charged to operating profit

	2002	2001
	£	£
Current service cost	<u>732,729</u>	<u>636,251</u>

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

7. <u>Taxation</u>	2002	2001
	£	£
UK current year taxation		
UK corporation tax at 30.00% (2001 - 30.00%)	1,361,340	1,204,700
Transfer to deferred taxation	520,000	-
	<u>1,881,340</u>	<u>1,204,700</u>
Prior years		
UK corporation tax	-	10,933
	<u>1,881,340</u>	<u>1,215,633</u>
8. <u>Dividends</u>	2002	2001
	£	£
Dividends on equity shares:		
Ordinary shares - final proposed	<u>1,000,000</u>	<u>1,000,000</u>

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

9. <u>Tangible fixed assets</u>	<u>Land and Buildings Freehold</u>	<u>Fixtures, Fittings and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
Cost/revaluation				
At 27 May 2001	9,578,835	11,612,310	1,675,512	22,866,657
Additions	42,475	258,308	296,964	597,747
Disposals	-	(14,880)	(168,493)	(183,373)
At 25 May 2002	<u>9,621,310</u>	<u>11,855,738</u>	<u>1,803,983</u>	<u>23,281,031</u>
Depreciation				
At 27 May 2001	940,915	6,774,358	867,904	8,583,177
On disposals	-	(14,880)	(127,580)	(142,460)
Charge for the year	168,785	843,371	265,915	1,278,071
At 25 May 2002	<u>1,109,700</u>	<u>7,602,849</u>	<u>1,006,239</u>	<u>9,718,788</u>
Net book values				
At 25 May 2002	<u>8,511,610</u>	<u>4,252,889</u>	<u>797,744</u>	<u>13,562,243</u>
At 25 May 2001	<u>8,637,920</u>	<u>4,837,952</u>	<u>807,608</u>	<u>14,283,480</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.

The directors have adopted FRS 15 in relation to the revaluation of land and buildings. It is now company policy to carry out full valuations of these assets every five years with interim valuations in the intervening years.

Freehold property includes freehold land at a valuation of £1,182,000 (2001 - £1,182,000).

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2002	2001
	£	£
Cost	8,473,143	8,430,668
Depreciation	1,052,699	888,664
Net book value	<u>7,420,444</u>	<u>7,542,004</u>

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 (2001 - £4,750).

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

10. <u>Stocks</u>	2002	2001
	£	£
Raw materials and consumables	534,420	505,410
Finished goods and goods for resale	706,000	566,205
	<u>1,240,420</u>	<u>1,071,615</u>
 11. <u>Debtors</u>	 2002	 2001
	£	£
Trade debtors	1,265,283	1,660,839
Other debtors	105,371	65,485
Prepayments and accrued income	194,720	192,262
	<u>1,565,374</u>	<u>1,918,586</u>
 12. <u>Creditors: amounts falling due within one year</u>	 2002	 2001
	£	£
Trade creditors	271,254	313,362
Corporation tax	681,349	629,700
Other taxes and social security costs	135,087	114,645
Accruals and deferred income	133,340	131,920
Proposed dividend	1,000,000	1,000,000
	<u>2,221,030</u>	<u>2,189,627</u>
 13. <u>Provisions for liabilities and charges</u>		
	Deferred Taxation (Note 14)	Total
	£	£
Movements in the year	520,000	520,000
At 25 May 2002	<u>520,000</u>	<u>520,000</u>

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

14. Deferred taxation

Deferred tax is analysed over the following timing differences:

	<u>Not</u>		<u>Provided</u>	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	-	540,000	520,000	-

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 27 May 2001	-	-
Transferred from profit and loss account	520,000	-
At 25 May 2002	520,000	-

15. Share capital

	2002	2001
	£	£
Authorised equity 50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid equity 50,000 Ordinary shares of £1 each	50,000	50,000

16. Equity reserves

	Revaluation	Profit	
	<u>Reserve</u>	<u>and Loss</u>	<u>Total</u>
	£	Account	£
At 27 May 2001	1,095,917	19,463,940	20,559,857
Transfer of realised profit	(4,750)	4,750	-
Retained profit for the year	-	1,714,778	1,714,778
At 25 May 2002	1,091,167	21,183,468	22,274,635

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

17. Defined benefit pension arrangements

The company provides pension arrangements to the directors and the majority of employees through one defined benefit scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

The latest actuarial valuation was carried out on 6 April 2002. The valuation was carried out using the Projected Unit method and the details of this valuation are shown below. As the scheme is now closed to new members, it should be noted that under the Projected Unit method the current service cost will increase as the members of the Scheme approach retirement.

Principal actuarial assumptions (%pa) :

	<u>Directors and staff</u> 2002
Rate of increase in salaries	4.5
Rate of increase in pensions in payment	2.5
Discount rate	5.5
Inflation assumption	4.0
Interest rate	4.0

The principal assets of the scheme are:

	£
Equities	2,659,300
Bonds	1,758,960
Property	806,190
Other	10,550

Long-term rates of return on these assets (% pa) :

Equities	9.0
Bonds	8.0
Property	7.0
Other	4.0

As at 25 May 2002, the actuary has identified potential underfunding in the pension scheme of £445,000.

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 MAY 2002

18.	<u>Reconciliation of movements in shareholders' funds</u>	2002	2001
		£	£
	Profit for the year	2,714,778	3,084,676
	Dividends	(1,000,000)	(1,000,000)
		<u>1,714,778</u>	<u>2,084,676</u>
	Opening shareholders' funds	20,609,857	18,525,181
	Closing shareholders' funds	<u>22,324,635</u>	<u>20,609,857</u>
19.	<u>Capital commitments</u>	2002	2001
		£	£
	Contracted for but not provided in the financial statements	<u>-</u>	<u>110,000</u>
20.	<u>Gross cash flows</u>	2002	2001
		£	£
	Returns on investments and servicing of finance		
	Interest received	<u>265,670</u>	<u>232,863</u>
	Taxation		
	Corporation tax paid	<u>(1,309,691)</u>	<u>(1,475,733)</u>
	Capital expenditure		
	Payments to acquire tangible assets	<u>(597,747)</u>	<u>(971,406)</u>
	Receipts from sales of tangible assets	<u>28,600</u>	<u>55,756</u>
		<u>(569,147)</u>	<u>(915,650)</u>
21.	<u>Analysis of changes in net funds</u>		
		<u>Opening Balance</u>	<u>Cash Flows</u>
		<u>£</u>	<u>£</u>
	Cash at bank and in hand	<u>5,525,803</u>	<u>3,171,825</u>
	Net funds	<u>5,525,803</u>	<u>3,171,825</u>
			<u>8,697,628</u>