

REGISTERED NUMBER: 1008747 (England and Wales)

PUKKA PIES LIMITED

FINANCIAL STATEMENTS

26TH MAY 2001



**PUKKA PIES LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 26TH MAY 2001**

The directors present their report and the audited financial statements for the year ended 26th May 2001.

**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 26th May 2001 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**

The movements in fixed assets are disclosed in Note 9.

**Directors**

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

	<u>26th May 2001</u>	<u>28th May 2000</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 £4,440.

**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: 17th July 2001

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

..... JK Storer .....

17th July 2001

**PUKKA PIES LIMITED**  
**REPORT OF THE AUDITORS TO THE MEMBERS**  
**YEAR ENDED 26TH MAY 2001**

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 26th May 2001 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

17th July 2001

**PUKKA PIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 26TH MAY 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Turnover	2	20,381,211	19,237,570
Cost of sales		10,046,768	8,622,289
<b>GROSS PROFIT</b>		<b>10,334,443</b>	<b>10,615,281</b>
Net operating expenses	3	6,032,152	5,606,802
<b>OPERATING PROFIT</b>	4	<b>4,302,291</b>	<b>5,008,479</b>
Interest payable and similar charges		1,982	1,123
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,300,309</b>	<b>5,007,356</b>
Taxation	8	1,215,633	1,409,824
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>3,084,676</b>	<b>3,597,532</b>
Dividends		1,000,000	1,000,000
<b>RETAINED PROFIT FOR THE YEAR</b>		<b>2,084,676</b>	<b>2,597,532</b>

**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 26TH MAY 2001**

	<u>2001</u> £	<u>2000</u> £
Reported profit on ordinary activities before taxation	4,300,309	5,007,356
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	4,305,059	5,012,106

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

**PUKKA PIES LIMITED**  
**BALANCE SHEET AS AT 26TH MAY 2001**

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	14,283,480	14,722,250
<b>CURRENT ASSETS</b>			
Stocks	10	1,071,615	897,198
Debtors	11	1,918,586	1,829,873
Cash at bank and in hand		5,525,803	4,103,851
		<u>8,516,004</u>	<u>6,830,922</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>2,189,627</u>	<u>2,935,991</u>
<b>NET CURRENT ASSETS</b>		<u>6,326,377</u>	<u>3,894,931</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,609,857</u>	<u>18,617,181</u>
Provision for liabilities and charges	13	-	92,000
<b>NET ASSETS</b>		<u><u>20,609,857</u></u>	<u><u>18,525,181</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	50,000	50,000
Revaluation reserve	15	1,095,917	1,100,667
Profit and loss account	15	19,463,940	17,374,514
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	<u><u>20,609,857</u></u>	<u><u>18,525,181</u></u>

Signed on behalf of the board of directors

T. K. Storer

.....  
Director

Approved by the board: 17th July 2001

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

**PUKKA PIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001**

**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

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.

**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 - 26TH MAY 2001**

**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>2001</u>	<u>2000</u>
	£	£
United Kingdom	20,137,381	19,004,477
Rest of Europe	243,830	233,093
	<u>20,381,211</u>	<u>19,237,570</u>

**3. NET OPERATING EXPENSES**

Net operating expenses are made up as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Administrative expenses	6,265,015	5,837,367
Less: Other operating income	232,863	230,565
	<u>6,032,152</u>	<u>5,606,802</u>

**4. OPERATING PROFIT**

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
		£	£
Operating profit is stated after crediting:			
Interest receivable		232,863	230,565
and after charging:			
Directors' emoluments	5	486,029	456,380
Directors' pension contributions	5	21,200	24,440
Auditors' remuneration			
Audit		14,000	14,000
Other services		19,900	18,528
Depreciation of tangible fixed assets	9	1,334,097	1,388,504
Loss on sale of assets		20,323	1,175

**5. DIRECTORS' EMOLUMENTS**

Emoluments of the directors including pension contributions are as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Remuneration in respect of qualifying services	423,200	396,000
Benefits in kind	62,829	60,380
Pension costs	21,200	24,440
	<u>507,229</u>	<u>480,820</u>



**PUKKA PIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001**

**5. DIRECTORS' EMOLUMENTS continued**

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

£	£
142,415	135,128
<u>          </u>	<u>          </u>

The number of directors accruing benefits under the defined benefits pension scheme was two (2000 - three).

**6. EMPLOYEE INFORMATION**

	<u>2001</u>	<u>2000</u>
	£	£
Staff costs including directors' emoluments were as follows:		
Wages and salaries	4,632,386	4,361,184
Social security costs	359,945	330,539
Pension costs	636,251	304,410
	<u>5,628,582</u>	<u>4,996,133</u>

	<u>Number</u>	<u>Number</u>
Average number of employees including directors:		
Directors	4	4
Staff	241	235
	<u>245</u>	<u>239</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 2000 using the projected unit method. The principal assumptions used were an investment yield of 7% per annum and future salary increase of 5% per annum. The ongoing fund value was £3,910,000 and this represents 90% of the benefits accrued to members.

The minimum funding requirement shortfall was rectified by the company contributing a lump sum payment of £400,000 in May 2001.

However, the actuary is of the opinion that a further shortfall in the assets of the pension scheme may be identified at May 2002. His current best estimate of this amount is that the company may have to contribute a further £400,000 at that time.

Pension contributions payable in the year amounted to £635,349 (2000 - £313,543). There were no contributions payable at the year end (2000 - Nil).

**PUKKA PIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001**

**8. TAXATION**

	<u>2001</u>	<u>2000</u>
	£	£
Corporation tax on the profit		
at 30% (2000 - 30%)	1,204,700	1,409,800
Under provision in previous years	10,933	24
	<u>1,215,633</u>	<u>1,409,824</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 £540,000 (2000 - £501,000). This would have the effect of increasing the current year's taxation charge by £39,000 (2000 - £58,000).

**9. TANGIBLE FIXED ASSETS**

	<u>Motor Vehicles</u>	<u>Plant and Equipment</u>	<u>Land and Buildings</u>	<u>TOTAL</u>
	£	£	£	£
<b>Cost or valuation</b>				
28th May 2000	1,606,538	11,222,376	9,397,818	22,226,732
Additions	385,575	404,814	181,017	971,406
Disposals	(316,601)	(14,880)	-	(331,481)
	<u>1,675,512</u>	<u>11,612,310</u>	<u>9,578,835</u>	<u>22,866,657</u>
 <b>Depreciation</b>				
28th May 2000	904,099	5,827,404	772,979	7,504,482
Charge for year	204,327	961,834	167,936	1,334,097
Disposals	(240,522)	(14,880)	-	(255,402)
	<u>867,904</u>	<u>6,774,358</u>	<u>940,915</u>	<u>8,583,177</u>
 <b>Net book value</b>				
26th May 2001	<u>807,608</u>	<u>4,837,952</u>	<u>8,637,920</u>	<u>14,283,480</u>
 27th May 2000	<u>702,439</u>	<u>5,394,972</u>	<u>8,624,839</u>	<u>14,722,250</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.

**PUKKA PIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001**

**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 (2000 - £4,750). If they had not been revalued, the freehold land and buildings would have been carried in the balance sheet at:

	<u>2001</u>	<u>2000</u>
	£	£
Cost	8,430,668	8,249,651
Accumulated depreciation	888,664	725,478
	<u>7,542,004</u>	<u>7,524,173</u>

Freehold property includes freehold land at a valuation of £1,182,000 (2000 - £1,182,000).

**10. STOCKS**

	<u>2001</u>	<u>2000</u>
	£	£
Raw materials and consumables	505,410	409,878
Finished goods	566,205	487,320
	<u>1,071,615</u>	<u>897,198</u>

**11. DEBTORS**

	<u>2001</u>	<u>2000</u>
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	1,660,839	1,428,848
Value added tax	61,241	169,681
Other debtors	4,244	101,250
Prepayments	192,262	130,094
	<u>1,918,586</u>	<u>1,829,873</u>

**12. CREDITORS**

	<u>2001</u>	<u>2000</u>
	£	£
<b>Amounts falling due within one year</b>		
Trade creditors	313,362	669,890
Corporation tax	629,700	889,800
PAYE and NIC	114,645	120,001
Proposed dividend	1,000,000	1,000,000
Accruals	91,920	216,300
Directors' remuneration	40,000	40,000
	<u>2,189,627</u>	<u>2,935,991</u>

**PUKKA PIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001**

**13. PROVISION FOR LIABILITIES AND CHARGES**

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

	<u>2001</u>	<u>2000</u>
	£	£
At 28th May 2000	92,000	107,000
Credited to profit and loss account	(92,000)	(15,000)
	<u>          </u>	<u>          </u>
At 26th May 2001	-	92,000
	<u>          </u>	<u>          </u>

**14. CALLED UP SHARE CAPITAL**

	<u>2001</u>		<u>2000</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
<b>Authorised</b>		£		£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Allotted, issued and fully paid</b>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15. MOVEMENT IN RESERVES**

**Revaluation reserve**

	<u>2001</u>	<u>2000</u>
	£	£
28th May 2000	1,100,667	1,105,417
Revaluation surplus realised		
Transferred to profit and loss account	(4,750)	(4,750)
	<u>          </u>	<u>          </u>
26th May 2001	1,095,917	1,100,667
	<u>          </u>	<u>          </u>

**Profit and loss account**

	<u>2001</u>	<u>2000</u>
	£	£
At 28th May 2000	17,374,514	14,772,232
Retained profit for the year	2,084,676	2,597,532
Revaluation surplus realised		
Transfer from revaluation reserve	4,750	4,750
	<u>          </u>	<u>          </u>
At 26th May 2001	19,463,940	17,374,514
	<u>          </u>	<u>          </u>

**16. EQUITY SHAREHOLDERS' FUNDS**

	<u>2001</u>	<u>2000</u>
	£	£
Profit for the year after taxation	3,084,676	3,597,532
Dividends	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
	2,084,676	2,597,532
Opening shareholders' funds	18,525,181	15,927,649
	<u>          </u>	<u>          </u>
Closing shareholders' funds	20,609,857	18,525,181
	<u>          </u>	<u>          </u>

PUKKA PIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - 26TH MAY 2001

17. CAPITAL EXPENDITURE APPROVED

The company had capital commitments at 26th May 2001 of £110,000 (2000 - £435,000).

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 26TH MAY 2001**

	<u>2001</u>	<u>2000</u>
	£	£
<b>Net cash inflow from activities</b>	4,580,472	6,461,524
<b>Returns on investments</b>		
Interest received	232,863	230,565
<b>Taxation</b>		
Corporation tax paid	(1,475,733)	(1,831,600)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(971,406)	(3,613,320)
Sale of tangible fixed assets	55,756	1,068
	<u>(915,650)</u>	<u>(3,612,252)</u>
	2,421,952	1,248,237
<b>Equity dividends paid</b>	(1,000,000)	(1,000,000)
<b>Increase in cash</b>	<u>1,421,952</u>	<u>248,237</u>

**Reconciliation of operating profit to net cash inflow from activities**

	<u>2001</u>	<u>2000</u>
	£	£
Operating profit (excluding interest received)	4,067,446	4,776,791
Depreciation	1,334,097	1,388,504
Loss on sale of fixed assets	20,323	1,175
Increase in stocks	(174,417)	(59,752)
Increase in debtors	(88,713)	(103,735)
(Decrease)/increase in creditors	(486,264)	473,541
Decrease in net pension provision	(92,000)	(15,000)
<b>Net cash inflow from operating activities</b>	<u>4,580,472</u>	<u>6,461,524</u>

**Reconciliation of net cash flow to movements in funds**

	<u>2001</u>	<u>2000</u>
	£	£
Increase in cash	1,421,952	248,237
Net cash at 28th May 2000	4,103,851	3,855,614
<b>Net cash at 26th May 2001</b>	<u>5,525,803</u>	<u>4,103,851</u>