

REGISTERED NUMBER: 1008747 (England and Wales)

PUKKA PIES LIMITED
FINANCIAL STATEMENTS
31ST MAY 1997



PUKKA PIES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MAY 1997

The directors present their report and the audited financial statements for the year ended 31st May 1997.

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 the 31st May 1997 to be satisfactory.

Appropriation of results

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

An ordinary dividend amounting £1,517,000 is proposed, being £74 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

Movements in fixed assets are set out in note 9 to the financial statements.

Directors

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

	<u>31st May 1997</u>	<u>1st June 1996</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. D. Storer

.....
Director

Approved by the board: 26th September 1997

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 we 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 inappropriate 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

.....

26th September 1997

PUKKA PIES LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS
YEAR ENDED 31ST MAY 1997

We have audited the financial statements on pages 4 to 13 which have been prepared under 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 31st May 1997 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

26th September 1997

PUKKA PIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1997

	<u>Notes</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Turnover	2	16,372,527	14,566,461
Cost of sales		8,691,316	8,625,513
GROSS PROFIT		7,681,211	5,940,948
Net operating expenses	3	3,556,978	3,392,705
OPERATING PROFIT	4	4,124,233	2,548,243
Interest payable and similar charges		2,634	4,433
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,121,599	2,543,810
Taxation	8	1,336,640	836,762
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,784,959	1,707,048
Dividends		1,517,000	1,517,000
RETAINED PROFIT FOR THE YEAR		1,267,959	190,048

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.

The notes on pages 6 to 13 form part of these accounts.
Auditors' report page 3.

PUKKA PIES LIMITED
BALANCE SHEET AS AT 31ST MAY 1997

	<u>Notes</u>	<u>£</u>	<u>1997</u>	<u>£</u>	<u>1996</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	9		5,708,739		5,910,520	
CURRENT ASSETS						
Stocks	10	628,030		547,281		
Debtors	11	1,510,346		1,193,174		
Cash at bank and in hand		5,073,515		3,891,068		
			7,211,891		5,631,523	
CREDITORS: Amounts falling due within one year	12	2,842,707		2,700,958		
NET CURRENT ASSETS			4,369,184		2,930,565	
TOTAL ASSETS LESS CURRENT LIABILITIES			10,077,923		8,841,085	
Net pension provision	7		155,882		187,003	
NET ASSETS			9,922,041		8,654,082	
CAPITAL AND RESERVES						
Called up share capital	13		50,000		50,000	
Revaluation reserve	14		1,114,917		1,148,167	
Profit and loss account	14		8,757,124		7,455,915	
EQUITY SHAREHOLDERS' FUNDS	15		9,922,041		8,654,082	

Signed on behalf of the board of directors

T. K. Storer

.....
Director

Approved by the board: 26th September 1997

The notes on pages 6 to 13 form part of these accounts.
Auditors' report page 3.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

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 and under the historical cost accounting rules.

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 for deferred tax at the current rate of corporation tax, using the liability method, on the excess of the book value of fixed assets over their corresponding written down value for tax purposes to the extent that the liability is likely to crystallise 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.

7

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

2. TURNOVER

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

3. NET OPERATING EXPENSES

Net operating expenses are made up as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Administrative expenses	3,757,350	3,557,654
Less: Other operating income	200,372	164,949
	<u>3,556,978</u>	<u>3,392,705</u>

4. OPERATING PROFIT

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
Operating profit is stated after crediting:			
Interest receivable		200,372	164,949
Profit on sale of fixed assets		14,127	-
		<u>214,500</u>	<u>164,949</u>
and after charging:			
Loss on sale of assets		-	662
Directors' emoluments including pension contributions	5	392,668	368,730
Operating lease rentals			
Equipment		2,626	5,252
Auditors' remuneration			-
Audit		7,700	6,700
Other services		6,140	8,662
Depreciation of tangible fixed assets	9	531,141	559,674
		<u>546,507</u>	<u>574,288</u>

5. DIRECTORS' EMOLUMENTS

Emoluments of the directors are as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Remuneration in respect of qualifying services	322,400	306,641
Benefits in kind	46,220	38,887
Pension costs	24,048	23,202
	<u>392,668</u>	<u>368,730</u>

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

£	£
<u>117,937</u>	<u>110,533</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

5. DIRECTORS' EMOLUMENTS (continued)

	<u>Number</u>	<u>Number</u>
The remaining directors' emoluments were within the following ranges:		
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£90,001 - £95,000	-	1
£95,001 - £100,000	-	1
£100,001 - £105,000	2	-
	<u> </u>	<u> </u>

6. EMPLOYEE INFORMATION

	<u>1997</u> £	<u>1996</u> £
Staff costs including directors' emoluments were as follows:		
Wages and salaries	3,231,471	2,956,393
Social security costs	309,538	268,539
Pension costs	163,442	190,733
	<u>3,704,451</u>	<u>3,415,665</u>

	<u>Number</u>	<u>Number</u>
Average number of employees including directors:		
Directors	4	4
Staff	218	217
	<u>222</u>	<u>221</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 increases 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 £194,563 (1996 - £190,733). Contributions totalling £45,000 (1996 - £Nil) 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.

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

8. TAXATION

	<u>1997</u> £	<u>1996</u> £
Corporation tax on the profit at 32.67% (1996 - 33%)	1,336,640	836,762

If full provision for deferred taxation was made this would produce an additional liability, calculated at 32.67%, of £487,183 (1996 - £509,285). This would have the effect of decreasing the current years taxation charge by £22,102 (1996 - increased taxation charge by £2,526).

9. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £	<u>Plant and Equipment</u> £	<u>Land and Buildings</u> £	<u>TOTAL</u> £
Cost or valuation				
26th May 1996	1,002,267	6,155,028	3,665,707	10,823,002
Additions	81,332	250,551	-	331,883
Disposals	(30,832)	-	-	(30,832)
31st May 1997	<u>1,052,767</u>	<u>6,405,579</u>	<u>3,665,707</u>	<u>11,124,053</u>
Depreciation				
26th May 1996	645,978	3,825,344	441,160	4,912,482
Charge for year	93,501	387,966	49,674	531,141
Disposals	(28,309)	-	-	(28,309)
31st May 1997	<u>711,170</u>	<u>4,213,310</u>	<u>490,834</u>	<u>5,415,314</u>
Net book value				
31st May 1997	<u>341,597</u>	<u>2,192,269</u>	<u>3,174,873</u>	<u>5,708,739</u>
25th May 1996	<u>356,289</u>	<u>2,329,684</u>	<u>3,224,547</u>	<u>5,910,520</u>

The freehold property was professionally valued on 2nd May 1990 with subsequent additions included at cost.

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

	£
Cost	2,517,540
Accumulated depreciation	457,584
	<u>2,059,956</u>

Freehold property includes freehold land at a valuation of £1,182,000 (1996 - £1,182,000).

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

10. STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Raw materials and consumables	306,853	337,893
Finished goods	321,177	209,388
	<u>628,030</u>	<u>547,281</u>

11. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due within one year		
Trade debtors	1,316,644	1,026,309
Other debtors	51,191	72,683
Prepayments	142,511	94,182
	<u>1,510,346</u>	<u>1,193,174</u>

12. CREDITORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due within one year		
Trade creditors	129,521	144,848
Corporation tax	982,168	849,755
PAYE and NIC	18,291	69,185
Accruals	155,727	80,170
Proposed dividends	1,517,000	1,517,000
Directors' remuneration	40,000	40,000
	<u>2,842,707</u>	<u>2,700,958</u>

13. CALLED UP SHARE CAPITAL

	<u>1997</u>		<u>1996</u>
	Number	Value	Number
		£	
Authorised			
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid			
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

14. MOVEMENT IN RESERVES

Revaluation reserve	<u>1997</u>	<u>1996</u>
	£	£
26th May 1996	1,148,167	1,148,167
Revaluation surplus realised		
Transfer to profit and loss account	(33,250)	-
31st May 1997	<u>1,114,917</u>	<u>1,148,167</u>

PUKKA PIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST MAY 1997

14. MOVEMENT IN RESERVES (continued)

Profit and loss account

	<u>1997</u>	<u>1996</u>
	£	£
26th May 1996	7,455,915	7,265,867
Retained profit for the year	1,267,959	190,048
Revaluation surplus realised		
Transfer from revaluation reserve	33,250	-
	<hr/>	<hr/>
31st May 1997	<u>8,757,124</u>	<u>7,455,915</u>

15. EQUITY SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the year after taxation	2,784,959	1,707,048
Dividends	1,517,000	1,517,000
	<hr/>	<hr/>
Opening shareholders' funds	1,267,959	190,048
	8,654,082	8,464,034
	<hr/>	<hr/>
Closing shareholders' funds	<u>9,922,041</u>	<u>8,654,082</u>

16. CAPITAL EXPENDITURE APPROVED

The company had no capital commitments at 31st May 1997 (1996 - £5,252).

PUKKA PIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY 1997

	<u>Notes</u>	<u>£</u>	<u>1997</u> <u>£</u>	<u>£</u>	<u>1996</u> <u>£</u>
Net cash inflow from operating activities	1		4,018,535		2,963,563
Returns on investments and servicing of finance					
Interest received		200,372		164,949	
Net cash inflow from returns on investments and servicing of finance			200,372		164,949
Taxation			(1,204,227)		(488,512)
Capital expenditure					
Payments to acquire tangible fixed assets			(331,883)		(415,190)
Receipts from sale of tangible fixed assets			16,650		4,332
Net cash outflow from capital expenditure			(315,233)		(410,858)
			2,699,447		2,229,142
Equity dividends paid			(1,517,000)		(600,000)
INCREASE IN CASH	2		1,182,447		1,629,142

PUKKA PIES LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY 1997

**1. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1997</u> £	<u>1996</u> £
Trading profit	3,946,227	2,378,861
Depreciation	531,141	559,674
(Profit)/loss on sale of fixed assets	(14,127)	662
(Increase)/decrease in stocks	(80,749)	24,208
Increase in debtors	(317,172)	(110,331)
(Decrease)/increase in creditors	(15,664)	110,489
Decrease in net pension provision	(31,121)	-
	<hr/>	<hr/>
Net cash inflow from from operating activities	<u>4,018,535</u>	<u>2,963,563</u>

**2. RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET CASH**

	<u>1997</u> £	<u>1996</u> £
Change in net cash resulting from cash flows	1,182,447	1,629,142
Net cash at 26th May 1996	<u>3,891,068</u>	<u>2,261,926</u>
Net cash at 31st May 1997	<u>5,073,515</u>	<u>3,891,068</u>