

BELTON CHEESE LIMITED  
ABBREVIATED FINANCIAL STATEMENTS

30 SEPTEMBER 1999

Registered number: 1129055

Booth Ainsworth  
Chartered Accountants  
Cheadle, Cheshire



BELTON CHEESE LIMITED  
ABBREVIATED FINANCIAL STATEMENTS  
for the year ended 30 September 1999

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## BELTON CHEESE LIMITED

## COMPANY INFORMATION

30 September 1999

NUMBER	1129055
DIRECTORS	J H Beckett J C Beckett J L Beckett
SECRETARY	K L Beckett
REGISTERED OFFICE	Belton Whitchurch Shropshire SY13 1JD
BANKERS	Barclays Bank plc Corporate Banking Centre Queen Square Wolverhampton WV1 1XJ
SOLICITORS	Mace and Jones Drury House 19 Water Street Liverpool L2 0RP
AUDITORS	Booth Ainsworth Chartered Accountants Ashfield House Ashfield Road Cheadle Cheshire SK8 1BE

BELTON CHEESE LIMITED

CHAIRMAN'S STATEMENT

30 September 1999

This has been a year of complete restructuring at Belton Cheese.

The year end stock includes over five of longer maturing cheese.

There was a six month gap in sales, due to the successful launch of our organic range of cheeses, which uses milk purchased from April onwards at a much higher price, but with no cheese sales until December.

Considerable additional start up costs are associated with the purchase of milk direct from elite milk producers, collected ex farm by our own transport, with associated extra costs.

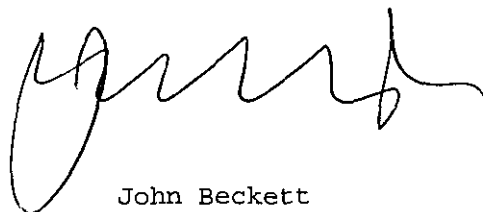
Exceptional costs include management recruitment costs and the expense of repacking cheese adversely affected by faulty packing materials. The cost of this is admitted by the manufacturer and payment of a claim was pending at the year end.

Building and property costs are high due to the demolition, civil engineering and construction costs of a cold store. Additional access has been provided in conjunction with a new packing room and new packing machinery.

**Current year's trading**

Belton Cheese has firmly established its position in the market and profitability has dramatically improved.

The business is thriving. Quality is high. Sales have increased. Product profile and age of stock have improved with all products now made to order for a wider customer base.

A handwritten signature in black ink, appearing to read 'John Beckett', is written over a large, faint circular watermark or stamp.

John Beckett  
Chairman

## BELTON CHEESE LIMITED

## DIRECTORS' REPORT

30 September 1999

The directors present their report and the audited financial statements for the year ended 30 September 1999.

**Principal activity**

The principal activity of the company is the manufacturing of dairy products.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £999,817.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Fixed assets**

In the opinion of the directors, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 8.

**Directors**

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

	30 September 1999	1 October 1998
	Ordinary	Ordinary
	shares	shares
J H Beckett	5,000	5,000
J C Beckett	-	-
J L Beckett	-	-

continued .....

BELTON CHEESE LIMITED

DIRECTORS' REPORT  
(continued)

30 September 1999

Charitable and political donations

Payments of a charitable nature made during the year amounted to £1,642.

Auditors

Booth Ainsworth have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



K L Beckett  
Secretary

Belton  
Whitchurch  
Shropshire  
SY13 1JD

Date: 25 May 2000

## BELTON CHEESE LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

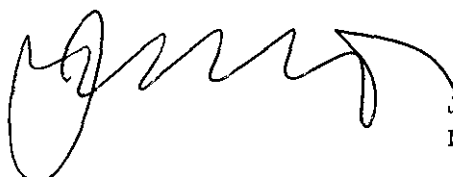
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

On behalf of the board

Date: 25 May 2000



J H Beckett  
Director

**BELTON CHEESE LIMITED**

**Auditors' report to  
Belton Cheese Limited  
under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 5 to 17 together with the financial statements of the company for the year ended 30 September 1999 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

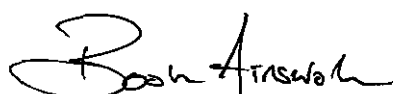
The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 17 are properly prepared in accordance with those provisions.



Booth Ainsworth —  
Registered Auditors  
Chartered Accountants  
Cheadle, Cheshire

**Date: 26 May 2000**



## BELTON CHEESE LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1999

	Note	1999 £	1998 £
Gross profit		744,404	1,075,169
Net operating expenses			
Administrative expenses		(592,886)	(755,042)
Other operating income		41,599	51,611
Operating profit	3	193,117	371,738
Investment income	5	125	50
Interest payable	6	(148,126)	(126,865)
Profit on ordinary activities before taxation		45,116	244,923
Taxation	7	18,553	(116,363)
Profit on ordinary activities after taxation		63,669	128,560
retained for the year	16		

Movements in reserves are shown in note 16.

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

There are no recognised gains and losses in 1999 or 1998 other than the profit for the year.

BELTON CHEESE LIMITED  
 ABBREVIATED BALANCE SHEET  
 at 30 September 1999

	Note	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	8	1,326,691	981,140
<b>Current assets</b>			
Stocks	9	2,536,689	1,759,559
Debtors	10	1,279,537	1,074,041
Cash at bank and in hand		1,223	1,329
		<u>3,817,449</u>	<u>2,834,929</u>
Creditors: amounts falling due within one year	11	(3,776,489)	(1,900,791)
<b>Net current assets</b>		<u>40,960</u>	<u>934,138</u>
<b>Total assets less current liabilities</b>		<u>1,367,651</u>	<u>1,915,278</u>
Creditors: amounts falling due after more than one year	12	(280,534)	(888,630)
Provision for liabilities and charges	13	(87,300)	(90,500)
		<u>999,817</u>	<u>936,148</u>
<b>Capital and reserves</b>			
Called up share capital	15	10,000	10,000
Profit and loss account	16	989,817	926,148
<b>Total shareholders' funds</b>	14	<u>999,817</u>	<u>936,148</u>

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BELTON CHEESE LIMITED

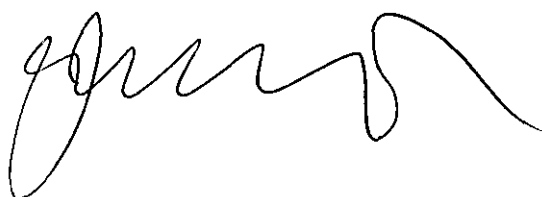
ABBREVIATED BALANCE SHEET  
(continued)

at 30 September 1999

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 5 to 17 were approved by the board of directors on 25 May 2000 and signed on its behalf by:

J H Beckett  
Director

A handwritten signature in black ink, appearing to be 'J H Beckett', written in a cursive style.

## BELTON CHEESE LIMITED

## CASH FLOW STATEMENT

for the year ended 30 September 1999

	Note	1999		1998	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	18	(443,845)		224,066	
Returns on investments and servicing of finance					
Interest received		125		50	
Interest paid		(123,684)		(95,218)	
Interest element of finance lease rental payments		(24,442)		(31,647)	
			(148,001)		(126,815)
Taxation					
Corporation tax paid			-		(62,855)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(435,336)		(217,247)	
Sale of tangible fixed assets		29,712		11,990	
			(405,624)		(205,257)
			(997,470)		(170,861)
Financing					
Debt due within a year:					
Other loan repayments		(39,000)		(352,945)	
Debt due beyond a year:					
Other loan advances		-		552,945	
Capital element of finance lease rentals		(137,477)		(64,336)	
			(176,477)		135,664
Decrease in cash		(1,173,947)		( 35,197)	

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

**1 Accounting policies****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 amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold buildings	10% pa reducing balance
Plant and machinery	15% pa reducing balance
Motor vehicles	20% pa reducing balance
Fixtures and fittings	15% pa reducing balance

No depreciation is charged on the herd of cows as, in the opinion of the directors, the assets are kept in a condition such that their value is at least as stated in the accounts. This contravenes SSAP 12, which states that all fixed assets are depreciated so as to charge a fair proportion of the cost of the asset to each accounting period expected to benefit from its use.

**Government grants**

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to income in the period to which they relate.

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions****Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 1 Accounting policies continued

## Lessor accounting

The herd of cows is held for use under an operating lease agreement. Rental income from this lease is recognised on a straight line basis over the lease term.

## 2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

## 3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Staff costs (note 4)	708,929	872,970
Auditor's remuneration	10,505	6,500
Auditors' remuneration - non-audit work	10,825	12,650
Operating leases:		
Rent	30,000	30,000
Loss on sale of assets	62,959	75,710
Revaluation of herd	-	38,500
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 8):		
Owned assets	62,094	60,982
Leased assets	71,671	58,967
	<hr/>	<hr/>
	133,765	119,949
	<hr/>	<hr/>

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 4 Directors and employees

	1999	1998
	£	£
Staff costs including directors' emoluments		
Wages and salaries	646,837	577,650
Social security costs	61,175	56,120
Pension costs	917	239,200
	<u>708,929</u>	<u>872,970</u>
Average monthly number employed including executive directors:	Number	Number
Production	24	23
Management and administration	9	9
Sales	1	1
	<u>32</u>	<u>33</u>
Directors	£	£
Emoluments	91,376	93,890
Company contributions to money purchase pension schemes	-	237,700
	<u>91,376</u>	<u>331,590</u>
During the year the following number of directors:	Number	Number
Accrued retirement benefits under:		
Money purchase pension schemes	1	2

**Defined contribution pension scheme**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £917 (1998 £239,200) including contributions in respect of employees.

Contributions totalling £0 (1998 £0) were payable to the fund at 30 September 1999 and are included in creditors.

## 5 Investment income

	1999	1998
	£	£
Interest receivable	<u>125</u>	<u>50</u>

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 6 Interest payable

	1999 £	1998 £
Bank interest	61,480	38,300
Other interest payable	692	6,098
Hire purchase interest	24,442	31,647
Pension loan interest	61,512	50,820
	<u>148,126</u>	<u>126,865</u>

## 7 Taxation

	1999 £	1998 £
Corporation tax on profit on ordinary activities at 20 % (1998 21%)	(15,353)	62,863
Deferred taxation	(3,200)	53,500
	<u>(18,553)</u>	<u>116,363</u>

## 8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Herd of Cows/ Milk Quota £	Total £
1 October 1998	61,694	1,184,021	119,842	228,443	245,418	1,839,418
Additions	-	216,582	16,046	288,059	51,300	571,987
Disposals	(9,184)	(9,200)	-	-	(84,000)	(102,384)
30 September 1999	<u>52,510</u>	<u>1,391,403</u>	<u>135,888</u>	<u>516,502</u>	<u>212,718</u>	<u>2,309,021</u>
<b>Depreciation</b>						
1 October 1998	32,446	684,194	84,159	57,479	-	858,278
Charge for the year	5,680	88,840	6,365	32,880	-	133,765
Disposals	(8,333)	(1,380)	-	-	-	(9,713)
30 September 1999	<u>29,793</u>	<u>771,654</u>	<u>90,525</u>	<u>90,359</u>	<u>-</u>	<u>982,330</u>
<b>Net book amount</b>						
30 September 1999	<u>22,718</u>	<u>619,749</u>	<u>45,363</u>	<u>426,143</u>	<u>212,718</u>	<u>1,326,691</u>
1 October 1998	<u>29,248</u>	<u>499,827</u>	<u>35,683</u>	<u>170,964</u>	<u>245,418</u>	<u>981,140</u>

The net book amount of fixed assets includes £427,875 (1998 £324,302) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

At 30 September 1999 the herd was held for use under an operating lease agreement. At that date, the herd had a net book value of £183,500 (1998: £216,200).



## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 9 Stocks

	1999 £	1998 £
Raw materials	63,991	60,703
Finished goods	2,472,698	1,698,856
	<u>2,536,689</u>	<u>1,759,559</u>

## 10 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	1,120,703	910,338
Other debtors	158,834	163,703
	<u>1,279,537</u>	<u>1,074,041</u>

Included in other debtors are the following amounts receivable from directors:

	Maximum balance outstanding during the year £	Balance at 30 September 1999 £
J C Beckett	5,282	5,282
J L Beckett	19,883	19,883

## 11 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdrafts	1,894,796	720,955
Trade creditors	803,265	601,585
Other loans	552,945	39,000
Corporation tax	47,509	62,863
Other taxation and social security	21,294	27,742
Other creditors	132,042	223,502
Accruals and deferred income	151,814	85,268
Grants within one year	21,378	21,378
Obligations under finance leases and hire purchase contracts - note 12	151,446	118,498
	<u>3,776,489</u>	<u>1,900,791</u>

The bank overdraft is secured by a fixed and floating charge on the company's assets.

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

12 Creditors: amounts falling due  
after more than one year

	1999 £	1998 £
<b>Other liabilities</b>		
Other loans	88,000	640,945
Grants over one year	51,177	72,553
Obligations under finance leases and hire purchase contracts	141,357	175,132
	<u>280,534</u>	<u>888,630</u>
<b>Maturity of debt</b>		
In one year or less, or on demand - see note 11	552,945	39,000
In more than one year but not more than two years	88,000	88,000
In more than two years but not more than five years	-	552,945
	<u>640,945</u>	<u>679,945</u>
<b>Obligations under finance leases and hire purchase contracts</b>		
These are repayable over varying periods by monthly instalments as follows:		
In the next year - see note 11	151,446	118,498
In the second to fifth years	141,357	175,132
	<u>292,803</u>	<u>293,630</u>

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 13 Deferred taxation

	1999		1998	
	Amount unprovided £	Amount provided £	Amount unprovided £	Amount provided £
Corporation tax deferred by				
Capital allowances in excess of depreciation	-	87,300	-	90,500
	<u>-</u>	<u>87,300</u>	<u>-</u>	<u>90,500</u>
	<u>-</u>	<u>87,300</u>	<u>-</u>	<u>90,500</u>

Deferred taxation is based on a corporation tax rate of 20% (1998 21%).

The movement on deferred taxation is as follows:-

Provision at 1 October 1998	90,500
Movement during the year	(3,200)
	<u>90,500</u>
Provision at 30 September 1999	<u>£ 87,300</u>

## 14 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year representing a Net addition to shareholders' funds	63,669	128,560
Opening shareholders' funds	<u>936,148</u>	<u>807,588</u>
Closing shareholders' funds	<u>999,817</u>	<u>936,148</u>

## 15 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorized				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 16 Profit and loss account

	1999 £
1 October 1998	926,148
Retained profit for the year	63,669
	<hr/>
30 September 1999	989,817
	<hr/> <hr/>

## 17 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30 September 1999

	1999 Land and Buildings £	1999 Plant & Other £	1998 Land and Buildings £	1998 Plant & Other £
Expiring				
Within two to five years	-	-	-	6,264
After five years	30,000	-	30,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	30,000	-	30,000	6,264
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 18 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	1999 £	1998 £
Operating profit	193,117	371,738
Depreciation charges	133,765	119,949
Loss on sale of fixed assets	62,959	75,710
Revaluation of herd	-	38,500
Increase in stocks	(777,130)	(227,228)
(Increase)/decrease in debtors	(205,496)	55,031
Increase/(decrease) in creditors	148,940	(209,634)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(443,845)	224,066
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## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 19 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

	At start of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	1,329	(106)	-	1,223
Bank overdrafts	(720,955)	(1,173,841)	-	(1,894,796)
		<u>(1,173,947)</u>		
Debt due within 1 year	(39,000)	39,000	(552,945)	(552,945)
Debt due after 1 year	(640,945)	-	552,945	(88,000)
Finance leases	(293,630)	137,477	(136,650)	(292,803)
		<u>176,477</u>		
<b>Total</b>	<u>(1,693,201)</u>	<u>(997,470)</u>	<u>(136,650)</u>	<u>(2,827,321)</u>

## Reconciliation of net cash flow to movement in net debt

	1999 £	1998 £
Decrease in cash in the year	(1,173,947)	(35,197)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	39,827	(135,664)
<b>Change in net debt resulting from cash flows</b>	<u>(1,134,120)</u>	<u>(170,861)</u>
Net debt at 1 October 1998	(1,693,201)	(1,522,340)
<b>Net debt at 30 September 1999</b>	<u>(2,827,321)</u>	<u>(1,693,201)</u>

## BELTON CHEESE LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1999

## 20 Related parties

## Control

Throughout the year the company was controlled by Mr J H Beckett, a director, and members of his close family. Details of the directors' interests in the share capital of the company are set out in the Directors' Report.

## Transactions

Related party	Transaction	£
J H and Mrs J L Beckett t/a Stanley Beckett, a partnership between Mr J H and Mrs J L Beckett, both directors of the company.	Rental income received under operating lease for herd of cows	(21,856)
	Rents paid for premises	30,000
	Purchases and other direct costs	424,475
	Land damage claim	25,000

## Balances at the year end

At 30 September 1999 the balances with the above related party were:

Purchase ledger	(8,375)
Intercompany account	89,221