

FOLD HILL FOODS LIMITED

**Company No 1426126
(England and Wales)**

**ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED
31ST AUGUST 2000**



FOLD HILL FOODS LIMITED

Company Information

Directors	W.E. Grant J.E. Grant A.J. Grant
Secretary	W.T. Price
Company Number	1426126 (England and Wales)
Registered Office	Fold Hill, Old Leake, Boston, Lincolnshire. PE22 9PJ
Auditors	Dexter & Sharpe, Chartered Certified Accountants and Registered Auditors, 5 South Square, Boston, Lincolnshire. PE21 6JA

FOLD HILL FOODS LIMITED

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FOLD HILL FOODS LIMITED

Directors' Report for the Year Ended 31st August 2000

The directors present their report and the financial statements for the year ended 31st August 2000.

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 then 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.

Principal Activity

The company's principal activity continues to be the manufacture of dog biscuits and the marketing thereof to the retail trade.

Review of Business, Results, Dividends and Future Developments

The business continues to operate satisfactorily. Goods to the value of £378,687 (1999 £310,584) were exported during the year. There is a profit after taxation of £955,289, from which a dividend on the 'A' shares was declared of £7,250 per share, amounting to £58,000. No further dividends are proposed. The company continues to seek additional markets into which to expand its customer base.

Directors

The directors at 31st August 2000, and their interests in the company's issued ordinary share capital were as follows:

	<u>Number of Shares</u>			
	<u>2000</u>		<u>1999</u>	
	<u>'A'</u>	<u>'B'</u>	<u>'A'</u>	<u>'B'</u>
W.E. Grant	Nil	Nil	Nil	Nil
J.E. Grant	Nil	One	Nil	One
A.J. Grant	Nil	One	Nil	One

The remainder of eight issued 'A' ordinary shares are held by J.W. Grant Co., an unlimited company incorporated in England, of which Mr. W.E. Grant is the controlling director, and thereby has an interest in those shares.

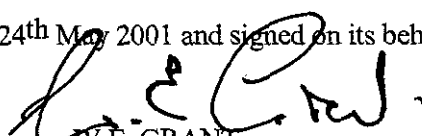
Ultimate Holding Company

The Company is a subsidiary of J.W. Grant Co, a company incorporated in England and Wales.

Auditors

The auditors, Dexter & Sharpe, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 24th May 2001 and signed on its behalf.


W.E. GRANT
Chairman

FOLD HILL FOODS LIMITED

AUDITORS' REPORT TO FOLD HILL FOODS LIMITED

Pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 3 to 9 together with the financial statements of the company for the year ended 31st August 2000 prepared under section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with sections 246a(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 9 are properly prepared in accordance with that provision.



DEXTER & SHARPE

Chartered Certified Accountants and Registered Auditors

**5 South Square,
Boston,
Lincolnshire.**

24th May 2001

FOLD HILL FOODS LIMITED

Abbreviated Profit and Loss Account for the Year Ended 31st August 2000

<u>Notes</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Gross Profit	2,800,674	3,661,927
Distribution Costs	1,189,022	1,209,799
Administrative Expenses	<u>441,566</u>	<u>398,021</u>
	1,630,588	1,607,820
Other Operating Income	1,170,086	2,054,107
	<u>-</u>	<u>1,300</u>
2 Operating Profit	1,170,086	2,055,407
Interest Receivable	<u>194,874</u>	<u>127,032</u>
Profit on Ordinary Activities before Taxation	1,364,960	2,182,439
3 Taxation on Profit on Ordinary Activities	<u>409,671</u>	<u>659,749</u>
Profit on Ordinary Activities after Taxation	955,289	1,522,690
4 Dividend (In respect of non equity shares)	<u>58,000</u>	<u>264,000</u>
Retained Profit for the Year	897,289	1,258,690
Retained Profit brought forward	<u>6,108,504</u>	<u>4,849,814</u>
<u>Retained Profit carried forward</u>	<u>7,005,793</u>	<u>6,108,504</u>

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

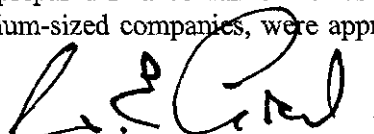
The notes on pages 5 to 9 form part of these financial statements

FOLD HILL FOODS LIMITED

Balance Sheet as at 31st August 2000

<u>Notes</u>		<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
	Fixed Assets		
5	Tangible Assets	2,537,536	2,788,370
	Current Assets		
6	Stocks	867,642	704,130
7	Debtors	1,669,659	1,929,172
	Cash at Bank and in Hand	<u>3,920,744</u>	<u>3,084,903</u>
		6,458,045	5,718,205
8	Creditors: amounts falling due within one year	<u>1,710,397</u>	<u>2,112,545</u>
	Net Current Assets	<u>4,747,648</u>	<u>3,605,660</u>
	Total Assets Less Current Liabilities	<u>7,285,184</u>	<u>6,394,030</u>
	Provision for Liabilities and Charges:		
9	Deferred Taxation	<u>279,381</u>	<u>285,516</u>
		<u>7,005,803</u>	<u>6,108,514</u>
	Capital and Reserves		
10	Called Up Share Capital	10	10
	Profit and Loss Account	<u>7,005,793</u>	<u>6,108,504</u>
11	Shareholders' Funds - Non Equity	<u>7,005,803</u>	<u>6,108,514</u>

The abbreviated financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 24th May 2001 and signed on its behalf.


W.E. GRANT - Director

The notes on pages 5 to 9 form part of these financial statements

FOLD HILL FOODS LIMITED

Notes to the Financial Statements for the Year Ended 31st August 2000

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with Applicable Accounting Standards and include the results of the company's operations which are described in the Director's Report and all of which are continuing.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	10% straight line basis
Plant and Machinery	15% reducing balance basis
Motor Vehicles	25% reducing balance basis
Office Equipment	15% reducing balance basis

Payments on account of plant and machinery not yet commissioned are not depreciated.

Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the date of the transaction. Exchange differences were taken into account in arriving at the operating profit.

FOLD HILL FOODS LIMITED

Notes to the Financial Statements Continued for the Year Ended 31st August 2000

1. ACCOUNTING POLICIES CONT.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company to the fund in respect of the year.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts. Analysis of turnover by market is not disclosed as the directors consider that such disclosure would be seriously prejudicial to the business.

	<u>2000</u> £	<u>1999</u> £
2. <u>OPERATING PROFIT</u>		
This is stated after charging:		
Hire of Plant and Machinery	91,462	70,879
Other Operating Leases	60,000	60,000
Depreciation of Tangible Fixed Assets		
all Owned by the Company	427,348	472,996
(Profit) on Disposal of Fixed Assets	(35,853)	(1,563)
Auditors' Remuneration	7,200	7,500
Staff Costs - Note 12	1,088,164	1,062,232

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Current Year		
U K Corporation Tax at 33%	415,623	654,746
Subventive tax from Group Company	-	(44,997)
Transfer (from)/to Deferred Taxation	<u>(6,135)</u>	<u>48,832</u>
	409,488	658,581
Prior Years		
UK Corporation Tax	<u>183</u>	<u>1,168</u>
	<u>409,671</u>	<u>659,749</u>

4. DIVIDEND

A dividend of £7,250 per share amounting to £58,000 payable to the holders of the 'A' Shares was proposed. The dividend was paid on 6th November 2000.

FOLD HILL FOODS LIMITED

Notes to the Financial Statements Continued for the Year Ended 31st August 2000

5. TANGIBLE FIXED ASSETS

	<u>Buildings</u>	<u>Plant & Machinery</u>	<u>Motor Vehicles</u>	<u>Leased Assets</u>	<u>Total</u>
Cost					
At beginning of Year	932,359	4,402,370	77,352	116,425	5,528,506
Additions	-	181,960	-	-	181,960
Disposals	-	(30,600)	-	(16,425)	(47,025)
At end of Year	<u>932,359</u>	<u>4,553,730</u>	<u>77,352</u>	<u>100,000</u>	<u>5,663,441</u>
Depreciation					
At beginning of Year	275,031	2,294,749	53,931	116,425	2,740,136
Charge for Year	93,236	328,259	5,853	-	427,348
On Disposals	-	(25,154)	-	(16,425)	(41,579)
At end of Year	<u>368,267</u>	<u>2,597,854</u>	<u>59,784</u>	<u>100,000</u>	<u>3,125,905</u>
Net Book Value 2000	<u>564,092</u>	<u>1,955,876</u>	<u>17,568</u>	<u>-</u>	<u>2,537,536</u>
Net Book Value 1999	<u>657,328</u>	<u>2,107,621</u>	<u>23,421</u>	<u>-</u>	<u>2,788,370</u>

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
6. <u>STOCKS</u>		
Finished Goods	270,531	201,820
Raw Materials and Consumables	597,111	502,310
	<u>867,642</u>	<u>704,130</u>

7. **DEBTORS**

Trade Debtors	1,654,915	1,923,875
Sundry Debtors and Prepayments	<u>14,744</u>	<u>5,297</u>
	<u>1,669,659</u>	<u>1,929,172</u>

All debtors fall due within one year.

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN WITHIN ONE YEAR**

Bank Overdraft	-	3,294
Trade Creditors	480,196	522,793
Amounts Owed to Group Undertakings	392,610	324,823
Corporation Tax	253,623	572,178
Other Taxation and Social Security	252,291	285,697
Other Creditors	273,677	139,760
Proposed Dividend	<u>58,000</u>	<u>264,000</u>
	<u>1,710,397</u>	<u>2,112,545</u>

FOLD HILL FOODS LIMITED

Notes to the Financial Statements Continued for the Year Ended 31st August 2000

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
9. DEFERRED TAXATION		
Accelerated Capital Allowances (Full Provision)	234,384	240,519
Subventive Tax on transfer of Property	<u>44,997</u>	<u>44,997</u>
	<u>279,381</u>	<u>285,516</u>

The transfer to this account is disclosed at note 3.

10. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	<u>2000</u> <u>No</u>	<u>1999</u> <u>No</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
"A" Ordinary Shares of £1 each	75,000	75,000	8	8
"B" Ordinary Shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>2</u>	<u>2</u>
	<u>100,000</u>	<u>100,000</u>	<u>10</u>	<u>10</u>

The 'A' shares have full voting rights and a right to receive a dividend if proposed, but have no right to participate in a surplus on winding up. The 'B' shares have enhanced voting rights on matters concerning their specific interests but have no vote regarding the general business of the company. They have no right to dividend, but would participate in a surplus on winding up.

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
11. MOVEMENT ON SHAREHOLDERS' FUNDS		
Profit for the Year	955,289	1,522,690
Dividend	<u>58,000</u>	<u>(264,000)</u>
Net Additions	897,289	1,258,690
Shareholders Funds at 1st September 1999	<u>6,108,514</u>	<u>4,849,824</u>
Shareholders' Funds at 31st August 2000	<u>7,005,803</u>	<u>6,108,514</u>

As stated on the balance sheet, the shareholders' funds include non equity interests. The allocation of interest in the shareholders' funds between classes of shareholders is:

'A' Shareholders	8	8
'B' Shareholders	<u>7,005,795</u>	<u>6,108,506</u>
	<u>7,005,803</u>	<u>6,108,514</u>

All shareholders' funds are non equity as defined by Financial Reporting Standards No 4.

FOLD HILL FOODS LIMITED

Notes to the Financial Statements Continued for the Year Ended 31st August 2000

12. STAFF COSTS

During the year the company employed an average of 47 persons (1999 46 persons) in the following area:

	<u>2000</u>	<u>1999</u>
	<u>No</u>	<u>No</u>
Directors	3	3
Managers	7	6
Administration	4	4
Operatives	<u>33</u>	<u>33</u>
	<u>47</u>	<u>46</u>
	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Total staff costs were:		
Gross Pay	966,779	932,375
Social Security Costs	85,770	87,094
Pension Contributions	16,161	29,474
Benefits in Kind	<u>19,454</u>	<u>13,289</u>
	<u>1,088,164</u>	<u>1,062,232</u>

13. DIRECTORS' REMUNERATION

Total directors remuneration was £100,000 (1999 £100,000). Social security costs were £10,000 (1999 £12,200). No contribution (1999 £Nil) was paid into the directors' pension scheme. Two directors (1999 - 2) are accruing benefits under the money purchase scheme.

14. OPERATING LEASES

The company occupies land owned by its parent company, on which it is committed to pay a rental of £60,000 in the next year.

15. CONTINGENT LIABILITIES

The company's bankers hold an unlimited guarantee to secure the liabilities of J.W. Grant Co. - its parent company. At 31st August 2000 there were no outstanding liabilities from that company to its bankers.

16. CAPITAL COMMITMENTS

At 31st August 2000 the company had contracted to purchase capital equipment to a value of £130,700.

17. RELATED PARTY

The directors are also directors of its parent company J.W. Grant Co. - with which the company trades substantially. Goods and services to a value of £2,128,756 (1999 £3,068,764) were bought from that company during the year. At the year end £392,610 (1999 £324,823) was owing to that company - included in creditors.