

## **Richmond Operations Limited**

### **Directors' report and financial statements**

1 October 2000

Registered number 1665242



## **Directors' report and financial statements**

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## **Directors' report**

The Directors present their annual report and the audited financial statements year, comprising 53 weeks, ended on 1 October 2000.

### **Principal activities and business review**

The principal activity of the company is the manufacture of ice cream. Details of the results for the year are given in the profit and loss account on page 4.

### **Dividend**

The dividend paid in the year was £1,000,000 (1999: £675,000).

### **Directors and directors' interests**

The directors who held office during the year were as follows:

JS Lambert  
RD Darbshire (Resigned 19 May 2000)  
AJ Waldron  
MJ Fraine

None of the directors had any beneficial interest in the shares of the company at any time during the year. Mr JS Lambert is also a director of the ultimate parent company, Richmond Foods plc, and his interest is disclosed in that company's financial statements.

### **Creditor payment policy**

The Company's current policy concerning the payment of its trade creditors which applied throughout the year whilst trading, is to agree terms and conditions for its transactions with suppliers and to abide by those terms, subject to those terms and conditions being met by the supplier. The seasonality of purchasing is such that calculations of the number of creditor days would prove meaningless.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming AGM.

By order of the board



**AB Finneran**  
Secretary

Richmond House  
Leeming Bar  
Northallerton  
North Yorkshire

29 November 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 year. 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;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Report of the auditors to the members of Richmond Operations Limited**

We have audited the financial statements on pages 4 to 16.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### **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 other irregularity or error. 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 as at 1 October 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

29 November, 2000

**Profit and loss account**  
*for the year ended 1 October 2000*

		53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
	<i>Note</i>		
Turnover	2	29,905	16,593
Cost of sales		(22,146)	(12,256)
<b>Gross profit</b>		<b>7,759</b>	<b>4,337</b>
Distribution costs		(3,019)	(1,658)
Administrative expenses		(1,355)	(578)
<b>Operating profit</b>		<b>3,385</b>	<b>2,11</b>
Interest payable and similar charges	6	(181)	(181)
<b>Profit on ordinary activities before taxation</b>	3-6	<b>3,204</b>	<b>1,920</b>
Tax on profit on ordinary activities	7	(609)	(385)
<b>Profit for the financial year</b>		<b>2,595</b>	<b>1,535</b>
Dividends	8	(1,000)	(675)
<b>Retained profit transferred to reserves</b>	16	<b>1,595</b>	<b>860</b>

The company had no recognised gains or losses in either year other than the profit for the year.

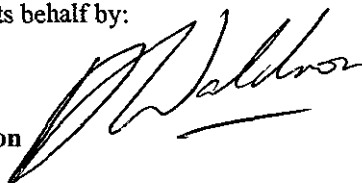
There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.

**Balance sheet**  
*as at 1 October 2000*

	Note	1 October 2000		26 September 1999	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		5,391		6,135
			<u>5,391</u>		<u>6,135</u>
<b>Current assets</b>					
Stocks	10	2,899		3,435	
Debtors	11	8,154		6,342	
Cash in hand		2,779		1	
		<u>13,832</u>		<u>9,778</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(15,229)</u>		<u>(13,058)</u>	
<b>Net current liabilities</b>			(1,397)		(3,280)
<b>Total assets less current liabilities</b>			<u>3,994</u>		<u>2,855</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(899)		(1,355)
<b>Provisions for liabilities and charges</b>	14		(640)		(640)
<b>Net assets</b>			<u>2,455</u>		<u>860</u>
<b>Equity shareholders' funds</b>					
Called up share capital	15		-		-
Profit and loss account	16		2,455		860
			<u>2,455</u>		<u>860</u>

These financial statements were approved by the board of Directors on 29 November 2000 and were signed on its behalf by:

AJ Waldron  
Director



**Reconciliation of movements in shareholders' funds**  
*for the year ended 1 October 2000*

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
<b>Profit for the financial year</b>	<b>2,595</b>	<b>1,535</b>
Dividends	(1,000)	(675)
<b>Retained profit for the year</b>	<b>1,595</b>	<b>860</b>
Opening shareholders' funds	860	-
<b>Closing shareholders' funds</b>	<b>2,455</b>	<b>860</b>



## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	5 - 10 years
Motor vehicles	-	4 years

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the year of the lease.

#### *Pension costs*

The company operates a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Research and development expenditure***

Expenditure on research and development is written off against profits in the year.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the current purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### ***Related party transactions***

Advantage has been taken of the exemption in the Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose any transactions between the Company and Richmond Foods PLC, the ultimate parent company, and its subsidiaries, as these have been eliminated on consolidation in the financial statements of Richmond Foods PLC.

### **2 Analysis of turnover**

Turnover represents amounts derived from the provision of goods and services excluding inter company sales and value added tax.

	<b>53 weeks ended 1 October 2000 £000</b>	<b>52 weeks ended 26 September 1999 £000</b>
<b>Geographical analysis of turnover:</b>		
United Kingdom	29,888	16,557
European and other exports	17	36
	<hr/> 29,905 <hr/>	<hr/> 16,593 <hr/>

**Notes** *(continued)*

**3 Profit on ordinary activities before taxation**

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
<i>Profit on ordinary activities before taxation is stated after charging/ (crediting)</i>		
Operating leases – plant & machinery	130	57
- other	80	29
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	564	134
Leased	551	325
(Profit)/Loss on sale of fixed assets	(2)	4
	<hr/>	<hr/>

**4 Remuneration of Directors**

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
Emoluments	189	123
Pension contributions	21	12
Benefits in kind	2	1
	<hr/>	<hr/>
	212	136
	<hr/>	<hr/>

The emoluments of the highest paid Director were £78,250 (1999: £28,504). Contributions paid to a money purchase scheme for the highest paid Director were £7,825 (1999: £2,267).

The number of Directors for which contributions were paid to money purchase schemes was four (1999: four).

**Notes** (continued)

**5 Staff numbers and costs**

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	53 weeks ended 1 October 2000	52 weeks ended 26 September 1999
Production	196	117
Sales	4	4
Administration	11	6
	<hr/>	<hr/>
	211	127
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
Wages and salaries	3,047	1,608
Social security costs	257	178
Other pension costs (see note 18)	56	26
	<hr/>	<hr/>
	3,360	1,812
	<hr/>	<hr/>

**Notes** (continued)

**6 Interest payable and similar charges**

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
On bank loans and overdrafts wholly repayable within five years	142	80
Finance charges payable in respect of finance leases and similar hire purchase contracts	39	11
	<u>181</u>	<u>181</u>

**7 Taxation**

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
UK corporation tax at 30% (1999: 31%)	609	382
Deferred tax	-	3
	<u>609</u>	<u>385</u>

**8 Dividends**

	53 weeks ended 1 October 2000 £000	52 weeks ended 26 September 1999 £000
Dividend paid	1,000	675

**Notes** *(continued)*

**9 Tangible fixed assets**

	<b>Freehold land and buildings £000</b>	<b>Leasehold land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Office Equipment £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b><i>Cost or valuation</i></b>						
At beginning of year	-	937	8,638	815	22	10,412
Additions	11	-	202	84	-	297
Disposals	-	-	(4)	-	-	(4)
Transfer from fellow subsidiary	-	-	77	-	-	77
At end of year	11	937	8,913	899	22	10,782
<b><i>Depreciation</i></b>						
At beginning of year	-	296	3,552	417	12	4,277
Charge for year	-	64	885	161	5	1,115
Disposals	-	-	(1)	-	-	(1)
At end of year	-	360	4,436	578	17	5,391
<b><i>Net book value</i></b>						
At 1 October 2000	11	577	4,477	321	5	5,391
At 26 September 1999	-	641	5,086	398	10	6,135

**Notes** (continued)

**9 Tangible fixed assets** (continued)

The net book value of land and buildings comprises:

	<b>1 October</b>	26 September
	<b>2000</b>	1999
	<b>£000</b>	£000
Short leasehold	577	641
	<u>          </u>	<u>          </u>

Included in the total net book value of fixed assets is £1,357,000 (1999: £2,805,000) in respect of assets held under finance leases. Depreciation for the year on assets held under finance leases was £551,000 (1999: £325,000).

**10 Stocks**

	<b>1 October</b>	26 September
	<b>2000</b>	1999
	<b>£000</b>	£000
Engineering stock	211	235
Raw materials and consumables	995	929
Finished goods and goods for resale	1,693	2,271
	<u>          </u>	<u>          </u>
	<b>2,899</b>	3,435
	<u>          </u>	<u>          </u>

In the opinion of the directors, there is no significant difference in the values above and their replacement values.

**11 Debtors**

	<b>1 October</b>	26 September
	<b>2000</b>	1999
	<b>£000</b>	£000
Trade debtors	5,677	5,673
Other debtors	196	171
Amounts owed by group undertakings	1,837	130
Prepayments and accrued income	444	368
	<u>          </u>	<u>          </u>
	<b>8,154</b>	6,342
	<u>          </u>	<u>          </u>

**Notes** (continued)

**12 Creditors: amounts falling due within one year**

	<b>1 October</b>	<b>26 September</b>
	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft	-	945
Obligations under finance leases and similar hire purchase contracts (note 13)	549	648
Trade creditors	3,288	2,709
Corporation tax	461	421
Other taxes and social security	1,237	1,739
Other creditors	45	45
Amounts owed to group undertakings	6,756	5,430
Accruals and deferred income	1,893	1,121
Dividend	1,000	-
	<b>15,229</b>	<b>13,058</b>

**13 Creditors: amounts falling due after more than one year**

	<b>1 October</b>	<b>26 September</b>
	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and similar hire purchase contracts	899	1,355

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	<b>1 October</b>	<b>26 September</b>
	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Within one year	549	648
In the second to fifth year	899	1,355
	<b>1,448</b>	<b>2,003</b>



**Notes (continued)**

**14 Provisions for liabilities and charges**

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1 October 2000		26 September 1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Capital allowances in advance of depreciation	640	-	640	-
	<u>640</u>	<u>-</u>	<u>640</u>	<u>-</u>
	<u><u>640</u></u>	<u><u>-</u></u>	<u><u>640</u></u>	<u><u>-</u></u>

Further details of the movement in deferred tax are set out in note 7.

**15 Called up share capital**

	Authorised		Allotted & fully paid	
	No.	£000	No.	£000
26 September 1999 and at 1 October 2000				
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>
	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>2</u></u>	<u><u>2</u></u>

**16 Reserves**

	Profit and loss account £000
At beginning of year	860
Profit for the financial year	1,595
	<u>2,455</u>
At end of year	<u><u>2,455</u></u>

## Notes (continued)

### 17 Commitments

- (i) Capital commitments which have been contracted for at the end of the year and for which no provision has been made are £218,000 (1999: £150,000).
- (ii) Commitments under forward orders for raw material and packaging purchases for which no provision has been made amounted to £1,574,000 (1999: £2,175,000) at the end of the year.
- (iii) Annual commitments under non-cancellable operating leases are as follows: -
  - The land and buildings commitment is £70,000 (1999: £59,000) for leases which expire over five years.
  - The commitment for other operating leases is £5,000 (1999: £5,000), £130,000 (1999: £52,000) and £ Nil (1999: £Nil) for expiry within one year, two to five years and over five years respectively.

### 18 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year represents contributions payable by the company to the scheme and amounted during the year to £56,000 (1999: £26,000).

Contributions amounting to £Nil were payable to the fund at 1 October 2000 (1999: £Nil).

### 19 Related party disclosure and ultimate parent undertaking

The company is controlled by and is a subsidiary undertaking of Richmond Foods plc incorporated in Great Britain. The consolidated accounts of the group are available to the public and may be obtained from:

Richmond Foods plc  
Richmond House  
Leeming Bar  
Northallerton  
North Yorkshire  
DL7 9DQ