

Richmond Operations Limited

Directors' report and financial statements

26 September 1999

Registered number ~~1647723~~ 1665242



Directors' report and financial statements

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Directors' report

The Directors present their report and the audited financial statements for the financial year ending 26 September 1999.

Principal activities and business review

On the 28 March 1999 the company acquired business and assets of the Leeming Bar division from Richmond Frozen Confectionery Limited, a fellow subsidiary, at book values.

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 5.

Dividend

The dividend paid in the year was £675,000 (1998: £Nil)

Directors and directors' interests

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

JS Lambert

RD Darbshire

TM May (Resigned 23 October 1998)

AJ Waldron

PJ Johnson (Resigned 01 June 1999)

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.

Directors' report (continued)

Year 2000


During the year, the company completed its programme to ensure Year 2000 compliance of its business critical systems. The costs associated with this exercise did not exceed the amount highlighted in our previous report and involved little expenditure on items which would not have been replaced within the normal course of the business.

Whilst it is impossible to guarantee that there will be no problems, the Directors believe that all reasonable measures have been taken. The Year 2000 issue does create risk for us from third parties, although we have reviewed the Year 2000 status of key suppliers. However, we cannot be certain of avoiding business disruption in areas where we do not have a direct relationship although our plans have sought to minimise this exposure

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 1999

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 5 to 17.

Respective responsibilities of Directors and auditors

As described on page 3 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

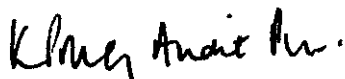
Basis of opinion

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 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 26 September 1999 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 1999

Profit and loss account
for the year ended 26 September 1999

		Year ended 26 September	39 weeks ended 27 September
	<i>Note</i>	1999 £000	1998 £000
Turnover	2	16,593	-
Cost of sales		(12,256)	-
Gross profit		4,337	-
Distribution costs		(1,658)	-
Administrative expenses		(578)	-
Operating profit		2,101	-
Interest payable and similar charges	6	(181)	-
Profit on ordinary activities before taxation	3-6	1,920	-
Tax on profit on ordinary activities	7	(385)	-
Profit for the financial year		1,535	-
Dividends	8	(675)	-
Retained profit transferred to reserves		860	-

A statement of movements on reserves is shown in note 16 to the financial statements. 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 26 September 1999

	<i>Note</i>	26 September 1999		27 September 1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		6,135		-
			<hr/>	<hr/>	
			6,135		-
Current assets					
Stocks	10	3,435		-	
Debtors	11	6,342		-	
Cash in hand		1		-	
		<hr/>		<hr/>	
		9,778		-	
Creditors: amounts falling due within one year	12	(13,058)		-	
		<hr/>		<hr/>	
Net current liabilities			(3,280)		-
			<hr/>	<hr/>	
Total assets less current liabilities			2,855		-
Creditors: amounts falling due after more than one year	13		(1,355)		
Provisions for liabilities and charges	14		(640)		
			<hr/>	<hr/>	
Net assets			860		-
			<hr/>	<hr/>	
Equity shareholders' funds					
Called up share capital	15		-		-
Profit and loss account	16		860		-
			<hr/>	<hr/>	
			860		-
			<hr/>	<hr/>	

These financial statements were approved by the board of Directors on 29 November 1999 and were signed on its behalf by:

AJ Waldron
Director



Reconciliation of movements in shareholders' funds
for the year ended 26 September 1999

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
Profit for the financial period	1,535	-
Dividends	(675)	-
	<hr/>	<hr/>
Retained profit for the period	860	-
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	860	-
	<hr/> <hr/>	<hr/> <hr/>

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, modified to include the revaluation of certain freehold land and buildings.

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 and profit on ordinary activities before taxation

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

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
Geographical analysis of turnover:		
United Kingdom	16,557	-
European and other exports	36	-
	<hr/> 16,593 <hr/>	<hr/> - <hr/>

Notes (continued)

3 Profit on ordinary activities before taxation

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	-	-
Other services	-	-
Operating leases – plant & machinery	57	-
- other	29	-
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	134	-
Leased	325	-
Loss on sale of fixed assets	4	-
	<hr/> <hr/>	<hr/> <hr/>

4 Remuneration of Directors

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
Emoluments	123	-
Pension contributions	12	-
Benefits in kind	1	-
	<hr/> <hr/>	<hr/> <hr/>
	136	-

The emoluments of the highest paid Director were £28,504 (1998: £Nil). Contributions paid to a money purchase scheme for the highest paid Director were £2,267 (1998: £Nil).

The number of Directors for which contributions were paid to money purchase schemes was four (1998: Nil).

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:

	Year ended 26 September 1999	39 weeks ended 27 September 1998
	Number of employees	
Production	117	-
Sales	4	-
Administration	6	-
	<hr/> 127 <hr/>	<hr/> - <hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
Wages and salaries	1,608	-
Social security costs	178	-
Other pension costs (see note 18)	26	-
	<hr/> 1,812 <hr/>	<hr/> - <hr/>

Notes (continued)

6 Interest payable and similar charges

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
On bank loans and overdrafts wholly Repayable within five years	80	-
Finance charges payable in respect of finance leases and similar hire purchase contracts	101	-
	<u>181</u>	<u>-</u>

7 Taxation

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
UK corporation tax at 31% (1998: 31%)	382	-
Deferred tax	3	-
	<u>385</u>	<u>-</u>

8 Dividends

	Year ended 26 September 1999 £000	39 weeks ended 27 September 1998 £000
Dividend paid	675	-

Notes (continued)

9 Tangible fixed assets

	Leasehold Land and Buildings £000	Plant and machinery £000	Office Equipment £000	Motor vehicles £000	Total £000
<i>Cost or valuation</i>					
At beginning of year	-	-	-	-	-
Additions	-	83	13	-	96
Disposals	-	(72)	(37)	(43)	(152)
Transfer from fellow subsidiary	937	8,627	839	65	10,468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	937	8,638	815	22	10,412
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	-	-	-	-	-
Charge for year	31	348	75	5	459
On disposals	-	(46)	(37)	(19)	(102)
Transfer from fellow subsidiary	265	3,250	379	26	3,920
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	296	3,552	417	12	4,277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 26 September 1999	641	5,086	398	10	6,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 27 September 1998	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	26 September 1999 £000	27 September 1998 £000
Short leasehold	641	-
	<hr/> 641	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

Included in the total net book value of fixed assets is £2,805,000 (1998: £Nil) in respect of assets held under finance leases. Depreciation for the year on assets held under finance leases was £325,000 (1998: £Nil).

10 Stocks

	26 September 1999 £000	27 September 1998 £000
Engineering stock	235	-
Raw materials and consumables	929	-
Finished goods and goods for resale	2,271	-
	<hr/> 3,435	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	26 September 1999 £000	27 September 1998 £000
Trade debtors	5,673	-
Other debtors	171	-
Amounts owed by group undertakings	130	-
Prepayments and accrued income	368	-
	<hr/> 6,342	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	26 September 1999 £000	27 September 1998 £000
Bank overdraft	945	-
Obligations under finance leases and similar hire purchase contracts	648	-
Trade creditors	2,709	-
Corporation tax	421	-
Other taxes and social security	1,739	-
Other creditors	45	-
Amounts owed to group undertakings	5,430	-
Accruals and deferred income	1,121	-
	<hr/> 13,058 <hr/>	<hr/> - <hr/>

13 Creditors: amounts falling due after more than one year

	26 September 1999 £000	27 September 1998 £000
Obligations under finance leases and similar hire purchase contracts	1,355	-
	<hr/> 1,355 <hr/>	<hr/> - <hr/>

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

	26 September 1999 £000	27 September 1998 £000
Within one year	648	-
In the second to fifth year	1,355	-
	<hr/> 2,003 <hr/>	<hr/> - <hr/>

Notes (continued)

14 Provisions for liabilities and charges

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

	26 September 1999		27 September 1998	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Capital allowances in advance of depreciation	640	-	-	-
	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>640</u></u>	<u><u>-</u></u>	<u><u>-</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

	26 September 1999 £	27 September 1998 £
Equity share capital		
Authorised		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

16 Reserves

	Profit and loss account £000
At beginning of year	-
Profit for the financial year	860
	<u>860</u>
At end of year	<u><u>860</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 £150,000 (1998: £Nil).
- (ii) Commitments under forward orders for raw material and packaging purchases for which no provision has been made amounted to £2,175,000 (1998: £Nil) at the end of the year.
- (iii) Annual commitments under non-cancellable operating leases are as follows: -

The land and buildings commitment is £59,000 (1998: £Nil) for leases which expire over five years.

The commitment for other operating leases is £5,000 (1998: £Nil), £52,000 (1998: £Nil) and £ Nil (1998: £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 £26,000 (1998: £Nil).

Contributions amounting to £Nil were payable to the fund at 26 September 1999 (1998: £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