

**Olivers (UK) Limited**

**Directors' report and financial statements**

27 December 1997

Registered number SC60973



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

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 52 weeks ended 27 December 1997. Comparative figures are for the 52 weeks ended 28 December 1996.

### **Principal activities**

The principal activity of the Company is to manufacture and retail food products through the Company's owned and franchised outlets.

### **Business review**

The trading results of the Company are set out in the profit and loss account on page 4. The Company traded satisfactorily throughout the year.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

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

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

NH Allen  
SM Whitham  
MJ Darrington  
M Simpson

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

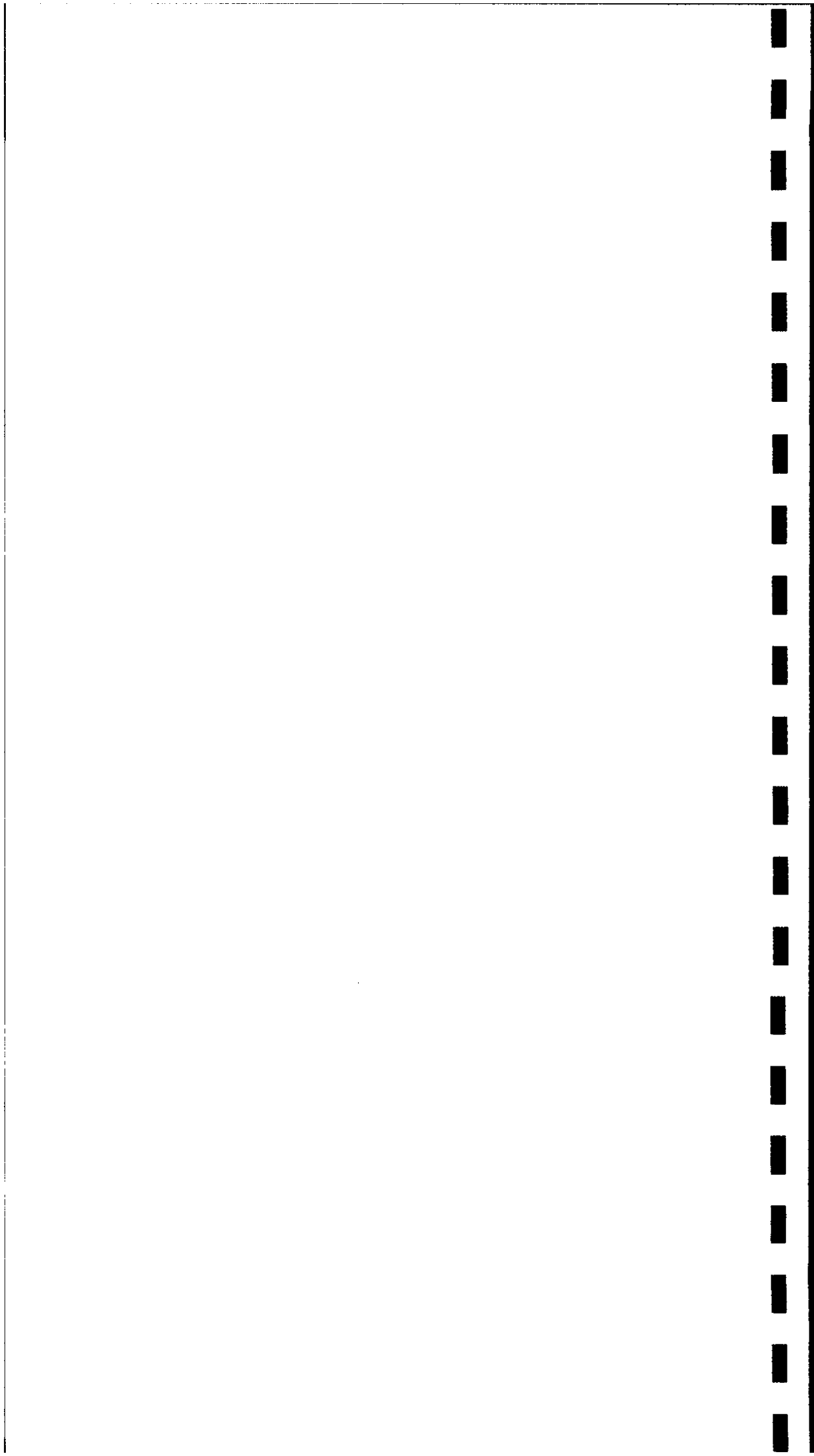
MJ Darrington and M Simpson are directors of the Company's parent company, Greggs plc, and their interest in the shares of that Company are disclosed in its accounts.

### **Employees**

The company is committed to promoting policies which ensure that employees and those who seek to work for the Company are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

It is the policy of the Company to give full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

The Company continues its policy of keeping all employees informed on matters of concern to them.



**Directors' report** *(continued)*

**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 Annual General Meeting.

By order of the board

*A.J. Davison*

**AJ Davison**  
*Secretary*

7 Melville Terrace  
Stirling  
FK8 2ND

6 March 1998

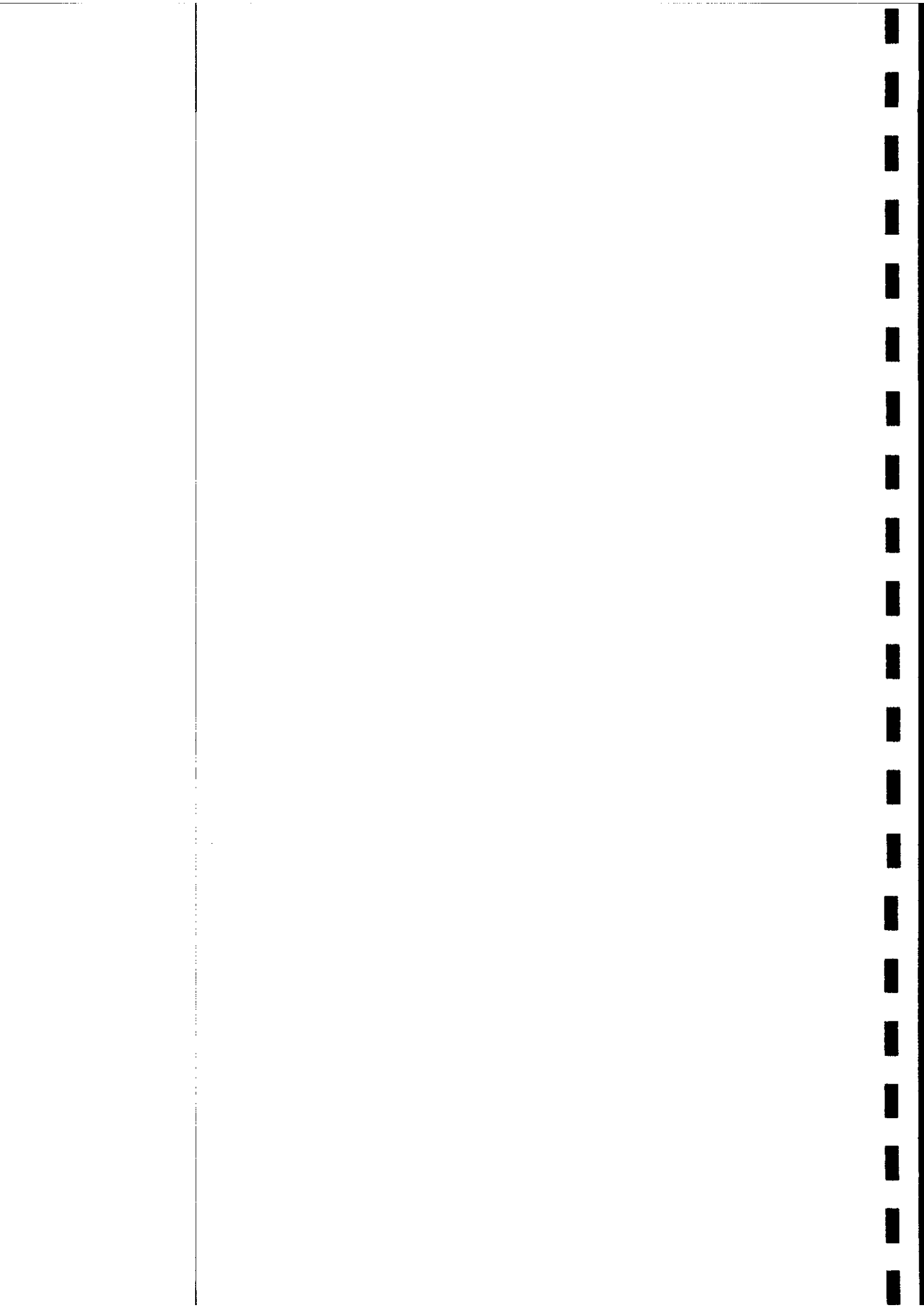


## **Statement of directors' responsibilities**

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 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;
- 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 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 have 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.







KPMG Audit Plc

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

## Report of the auditors to the members of Olivers (UK) Limited

We have audited the financial statements on pages 5 to 14.

### 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.

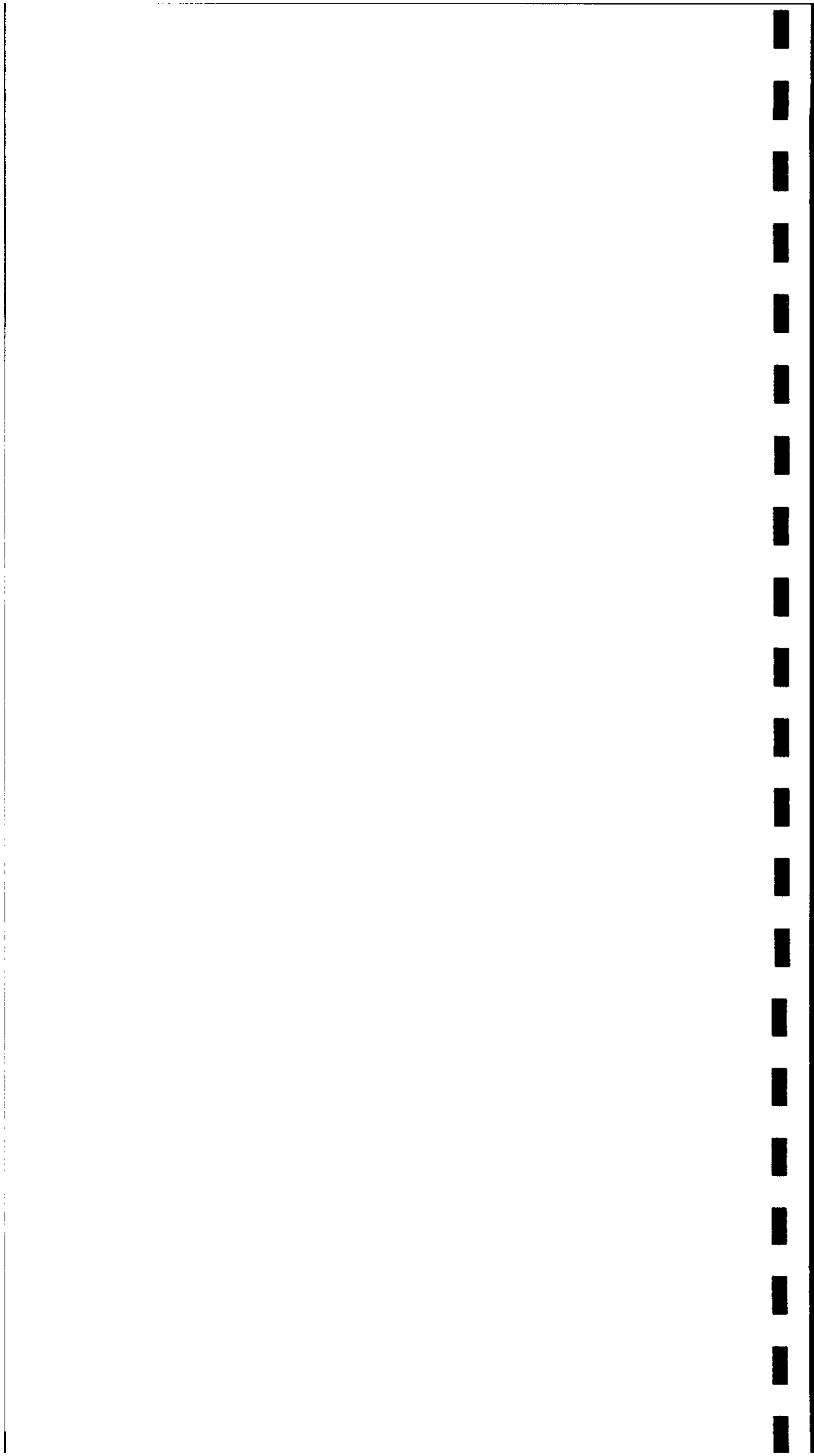
### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 27 December 1997 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc.*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

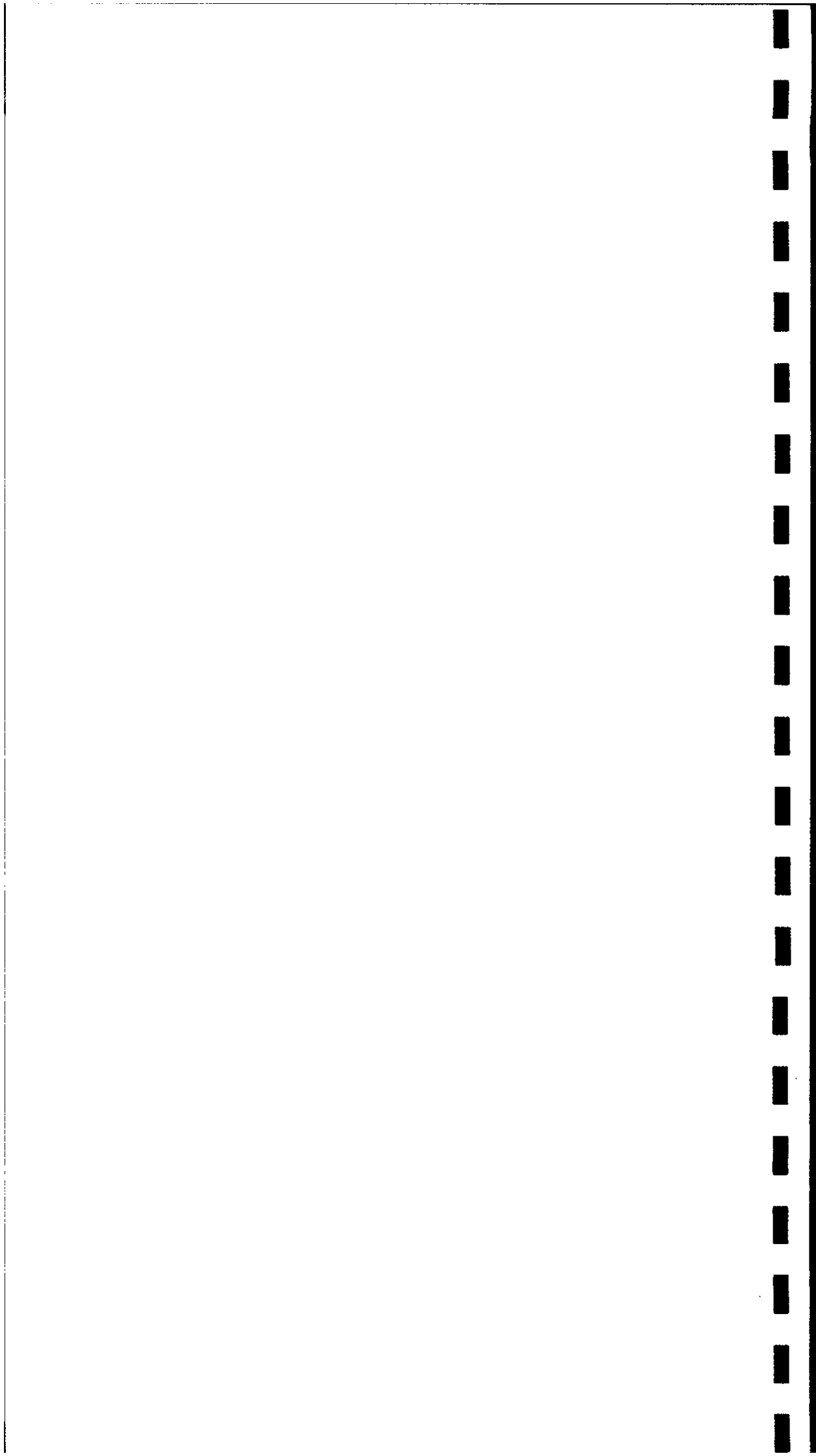
6 March 1998



**Profit and loss account**  
*for the 52 weeks ended 27 December 1997*

	<i>Note</i>	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
<b>Turnover - continuing operations</b>	2	8,394,391	7,283,535
Cost of sales		(2,984,445)	(2,605,547)
<b>Gross profit</b>		<hr/> 5,409,946	<hr/> 4,677,988
Net operating expenses		(5,106,597)	(4,379,678)
<b>Operating profit</b>		<hr/> 303,349	<hr/> 298,310
Net interest payable	6	-	(1,179)
<b>Profit on ordinary activities before taxation</b>	3-5	<hr/> 303,349	<hr/> 297,131
Tax on profit on ordinary activities	7	-	-
<b>Retained profit for the period</b>	15	<hr/> <hr/> 303,349	<hr/> <hr/> 297,131

There are no recognised gains and losses during the current and previous period other than the profit for the period.



**Balance sheet**  
*at 27 December 1997*

	<i>Note</i>	<b>1997</b>		<b>1995</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		1,271,498		1,228,778
<b>Current assets</b>					
Stocks	10	139,196		131,876	
Debtors	11	364,096		362,981	
Cash at bank and in hand		482,004		34,319	
		<u>985,296</u>		<u>529,176</u>	
Creditors: amounts falling due within one year	12	(1,687,603)		(1,492,112)	
<b>Net current liabilities</b>			(702,307)		(962,936)
<b>Net assets</b>			<u>569,191</u>		<u>265,842</u>
<b>Capital and reserves</b>					
Called up share capital	14	3,801,131		3,801,131	
Share premium account	15	139,369		139,369	
Profit and loss account	15	(3,371,309)		(3,674,658)	
<b>Shareholders' funds - equity</b>			<u>569,191</u>		<u>265,842</u>

These financial statements were approved by the board of directors on 6 March 1998 and were signed on its behalf by:



**M Simpson**  
*Director*

**Reconciliation of movements in shareholders' funds**  
*for the 52 weeks ended 27 December 1997*

	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
Profit for the financial year	303,349	297,131
Opening shareholders' funds	265,842	(31,289)
	<hr/>	<hr/>
Closing shareholders' funds	569,191	265,842
	<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.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Greggs plc, and its cash flows are included within the consolidated cash flow statement of that company.

The going concern basis has been adopted in the preparation of these financial statements on the understanding that the parent company will provide such funds as are necessary for the company to continue to trade for the foreseeable future.

#### *Fixed assets and depreciation*

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

Freehold and long leasehold properties	-	40 years
Short leasehold properties	-	10%
<b>Plant:</b>		
General	-	10%
Computers	-	20% - 33 1/3%
Motor vehicles	-	20% - 25%
Delivery trays	-	33 1/3%
<b>Shop fixtures and fittings:</b>		
General	-	10%
Electronic equipment	-	20%

#### *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 period of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

## Notes (continued)

### Accounting policies (continued)

#### *Related party transactions*

As the company is a wholly owned subsidiary of Greggs plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Greggs plc, within which this company is included can be obtained from the address given in note 17.

#### *Pension scheme*

The Group operates defined benefit and defined contribution schemes for its employees. The assets of these funds are held by the Trustees of the schemes and are entirely separate from the assets of the Group.

The amount charged to the profit and loss account is based on actuarial estimates and is calculated to spread the cost of pensions over employees' working lives with the Group.

#### *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.

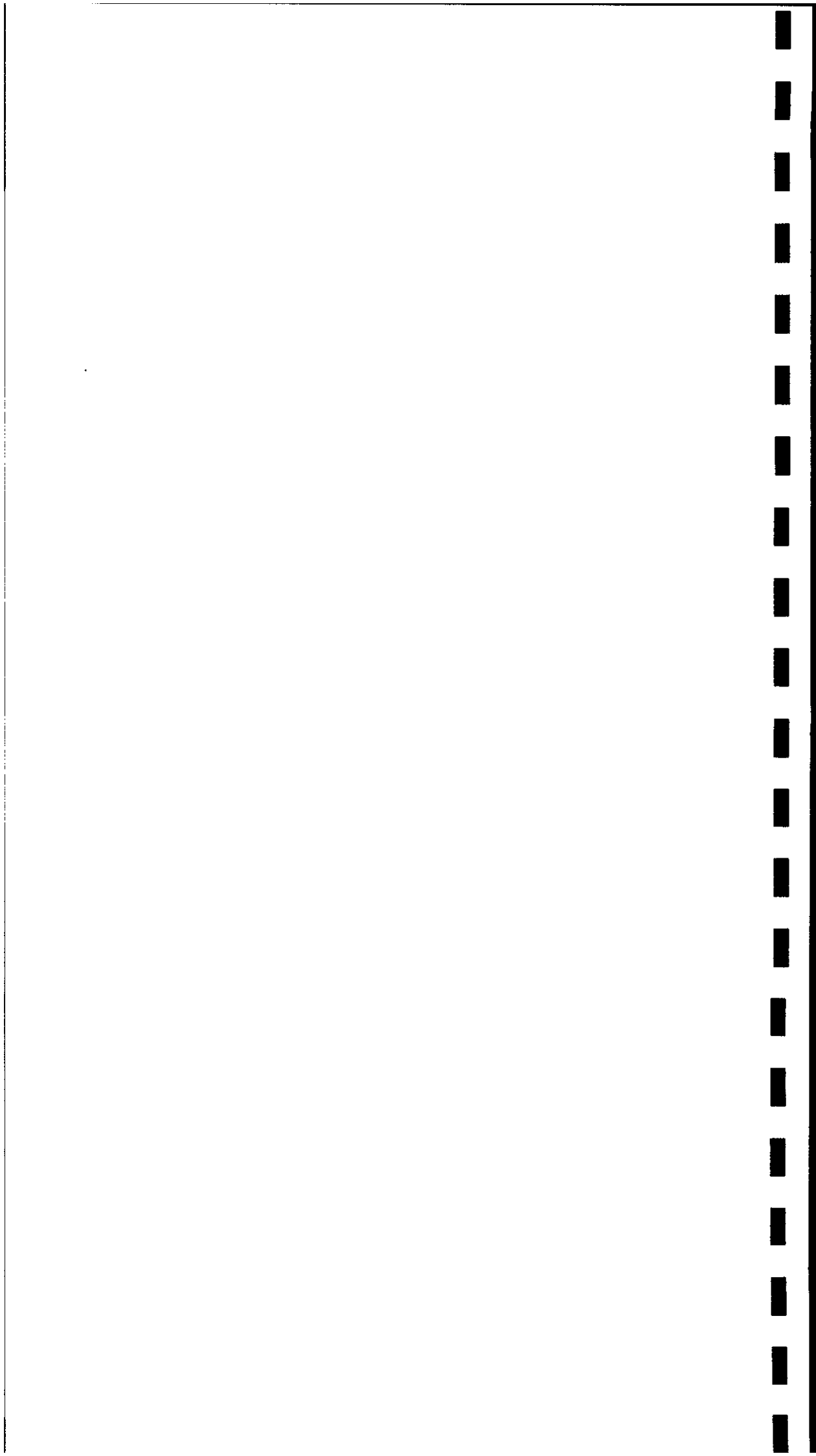
## 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. The turnover arises from the Company's principal activity and relates wholly to sales within the United Kingdom.

## 3 Profit on ordinary activities before taxation

	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	3,100	3,500
Other fees paid to the auditor and its associates	-	-
Depreciation:		
Owned	228,297	194,152
Leased	-	8,168
Property rents - operating leases	945,855	826,178





## Notes (continued)

### 4 Remuneration of directors

	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
Directors' emoluments: As executives	130,350	128,489

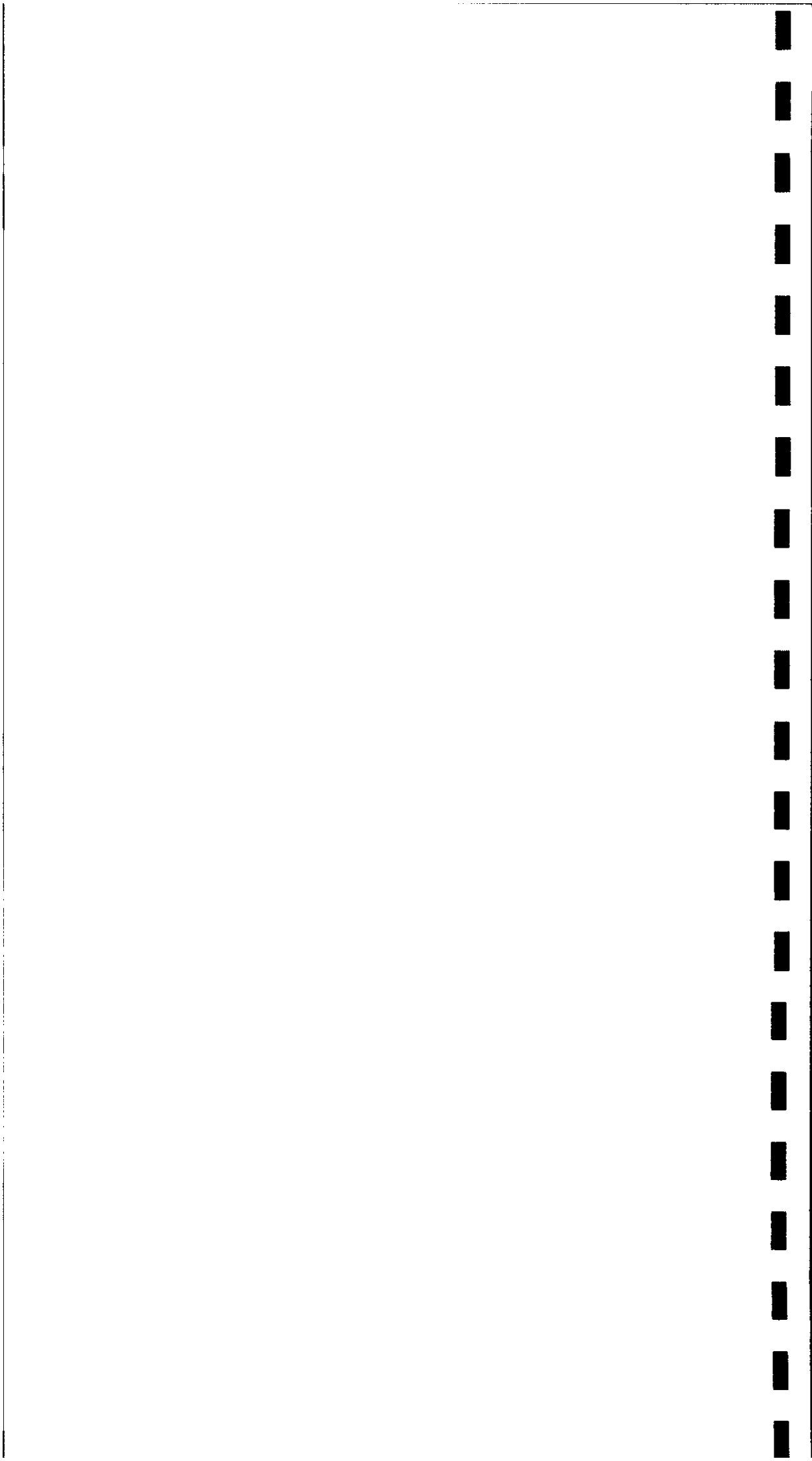
### 5 Staff numbers and costs

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

	Number of employees	
	52 weeks ended 27 December 1997	52 weeks ended 28 December 1996
Management	6	5
Administration	8	7
Production	55	59
Shop	390	402
	<u>459</u>	<u>473</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
Wages and salaries	2,500,295	2,133,851
Social security costs	138,905	135,401
Other pension costs	29,056	28,515
	<u>2,668,256</u>	<u>2,297,767</u>



## Notes (continued)

### 6 Net interest payable

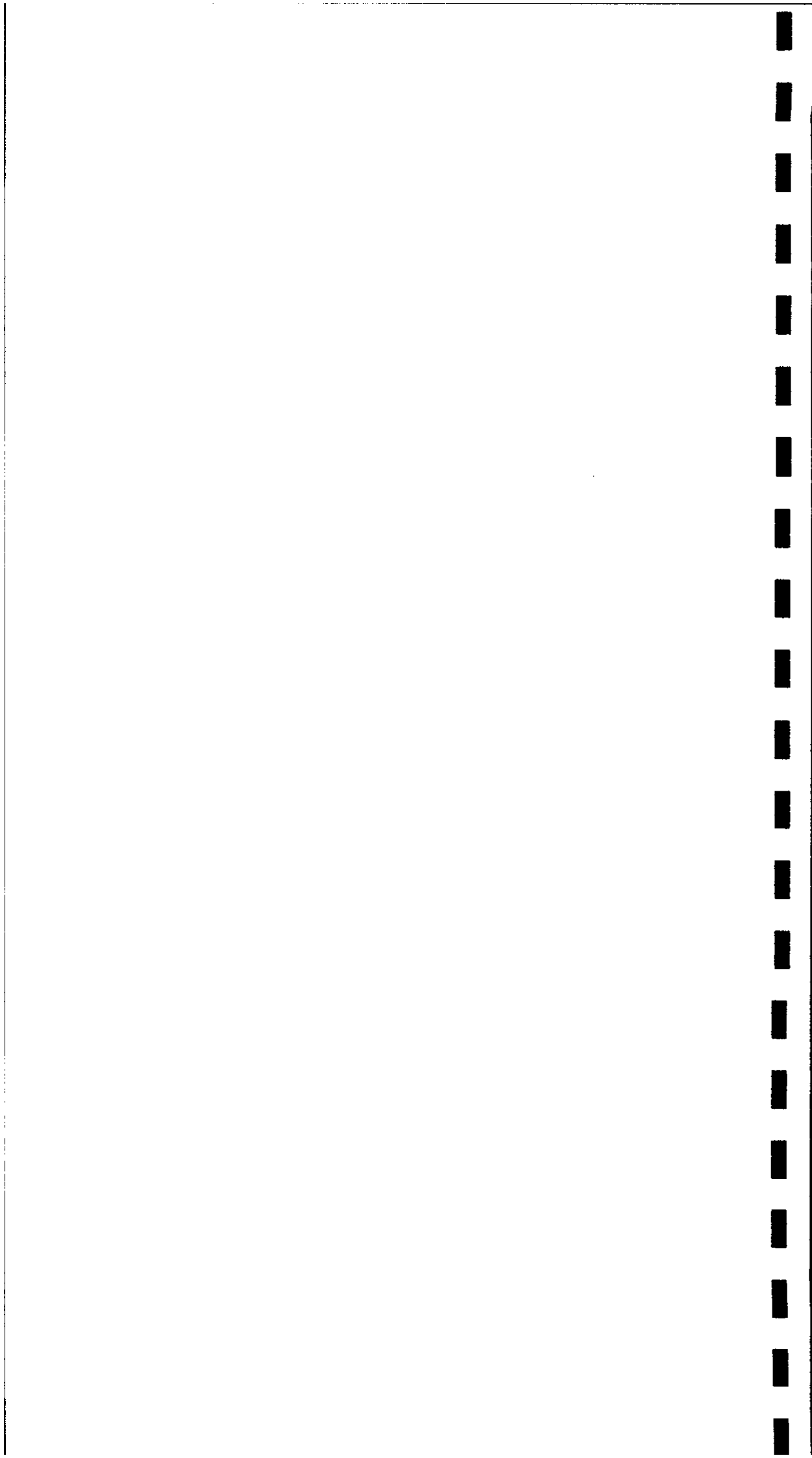
	52 weeks ended 27 December 1997 £	52 weeks ended 28 December 1996 £
Interest payable on finance leases	-	(1,179)
	<u>          </u>	<u>          </u>

### 7 Taxation

The profit on ordinary activities in the current period does not give rise to a corporation tax liability due to the availability of unused tax losses brought forward. The Company has tax losses available for set off against future trading profits of £365,788 (1996: £670,040).

### 8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Shop fixtures and fittings £	Total £
<b>Cost</b>				
At beginning of year	286,545	887,650	1,159,853	2,334,048
Additions	4,000	55,519	213,253	272,772
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	290,545	943,169	1,373,106	2,606,820
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
At beginning of year	211,093	424,333	469,844	1,105,270
Charge for year	14,936	57,269	157,847	230,052
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	226,029	481,602	627,691	1,335,322
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
At 27 December 1997	<u>64,516</u>	<u>461,567</u>	<u>745,415</u>	<u>1,271,498</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 28 December 1996	<u>75,452</u>	<u>463,317</u>	<u>690,009</u>	<u>1,228,778</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## Notes (continued)

### 9 Investments

	1997 £	1996 £
Shares in subsidiary undertaking		
Cost	100	100
Amount provided	(100)	(100)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

The company owns 100% of the ordinary share capital of Olivers (UK) Development Limited, a dormant company registered in Scotland.

Consolidated accounts have not been prepared because Olivers (UK) Limited is a wholly owned subsidiary undertaking of Greggs plc.

### 10 Stocks

	1997 £	1996 £
Food, beverages and consumables	139,196	131,876
	<u>          </u>	<u>          </u>

### 11 Debtors

	1997 £	1996 £
Trade debtors	68,721	98,730
Other debtors	22,565	2,713
Prepayments and accrued income	272,810	261,538
	<u>          </u>	<u>          </u>
	364,096	362,981
	<u>          </u>	<u>          </u>

All amounts fall due within one year.



**Notes (continued)**

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

	1997 £	1996 £
Obligations under finance leases	-	2,450
Trade creditors	517,950	287,149
Amounts owed to group undertakings	682,310	863,464
Taxation and social security	40,494	33,677
Other creditors	285,354	208,880
Accruals	161,495	96,492
	<hr/> 1,687,603 <hr/>	<hr/> 1,492,112 <hr/>

**13 Deferred tax**

No provision for deferred tax is required due to the availability of tax losses.

**14 Called up share capital**

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of 1p each	3,799,375	3,799,375
Deferred shares of £1 each	50,625	50,625
	<hr/> 3,850,000 <hr/>	<hr/> 3,850,000 <hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 1p each	3,750,506	3,750,506
Deferred shares of £1 each	50,625	50,625
	<hr/> 3,801,131 <hr/>	<hr/> 3,801,131 <hr/>

Deferred shares carry no voting rights and no rights to capital on winding up. Their rights to dividend rank after those of ordinary shares. Based upon the commercial effect of these terms the deferred shares have been classed as equity shares.



**Notes (continued)**

**15 Share premium and reserves**

	Share premium account £	Profit and loss account £
At beginning of period	139,369	(3,674,658)
Retained profit for the period	-	303,349
	<hr/>	<hr/>
At end of period	139,369	(3,371,309)
	<hr/> <hr/>	<hr/> <hr/>

**16 Commitments**

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	1997 £	1996 £
Contracted	157,000	85,000
	<hr/> <hr/>	<hr/> <hr/>

- (b) Annual commitments under non-cancellable operating leases are as follows:

	1997 Land and buildings £	Other £	1996 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	2,450
In the second to fifth years inclusive	176,350	-	31,500	-
Over five years	745,950	-	948,800	-
	<hr/>	<hr/>	<hr/>	<hr/>
	922,300	-	980,300	2,450
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**17 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Greggs plc incorporated in England and Wales.

The consolidated accounts of Greggs plc are available to the public and may be obtained from Fernwood House, Clayton Road, Jesmond, Newcastle upon Tyne, NE2 1TL.