

**Olivers (UK) Limited**

**Directors' report and financial statements**

2 January 1999

Registered number SC60973

*h*



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

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 53 weeks ended 2 January 1999. Comparative figures are for the 52 weeks ended 27 December 1997.

### **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 5. The Company traded satisfactorily throughout the period.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

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

The directors who held office during the period 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



**AJ Davison**  
*Secretary*

7 Melville Terrace  
Stirling  
FK8 2ND

10 May 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 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 2 January 1999 and of its profit for the 53 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

10 May 1999

**Profit and loss account**  
*for the 53 weeks ended 2 January 1999*

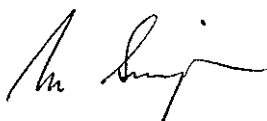
	<i>Note</i>	<b>53 weeks ended 2 January 1999 £</b>	<b>52 weeks ended 27 December 1997 £</b>
<b>Turnover - continuing operations</b>	<b>2</b>	<b>8,138,713</b>	<b>8,394,391</b>
<b>Cost of sales</b>		<b>(4,601,010)</b>	<b>(2,984,445)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,537,703</b>	<b>5,409,946</b>
<b>Net operating expenses</b>		<b>(3,445,242)</b>	<b>(5,106,597)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>3-5</b>	<b>92,461</b>	<b>303,349</b>
<b>Tax on profit on ordinary activities</b>	<b>6</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Retained profit for the period</b>	<b>14</b>	<b>92,461</b>	<b>303,349</b>
		<hr/> <hr/>	<hr/> <hr/>

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

**Balance sheet**  
*at 2 January 1999*

	<i>Note</i>	<b>2 January 1999</b>	<b>27 December 1997</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	7	1,611,170	1,271,498
<b>Current assets</b>			
Stocks	9	117,583	139,196
Debtors	10	447,388	364,096
Cash at bank and in hand		275,746	482,004
		<u>840,717</u>	<u>985,296</u>
<b>Creditors: amounts falling due within one year</b>	11	<b>(1,790,235)</b>	<b>(1,687,603)</b>
		<u></u>	<u></u>
<b>Net current liabilities</b>		<b>(949,518)</b>	<b>(702,307)</b>
		<u></u>	<u></u>
<b>Net assets</b>		<b>661,652</b>	<b>569,191</b>
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	13	3,801,131	3,801,131
Share premium account	14	139,369	139,369
Profit and loss account	14	(3,278,848)	(3,371,309)
		<u></u>	<u></u>
<b>Shareholders' funds - equity</b>		<b>661,652</b>	<b>569,191</b>
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 10 May 1999 and were signed on its behalf by:



**M Simpson**  
*Director*



**Reconciliation of movements in shareholders' funds**  
*for the 53 weeks ended 2 January 1999*

	53 weeks ended 2 January 1999 £	52 weeks ended 27 December 1997 £
Profit for the financial year	92,461	303,349
Opening shareholders' funds	569,191	265,842
	<hr/>	<hr/>
Closing shareholders' funds	661,652	569,191
	<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.

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)

### 1 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 16.

#### *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

	53 weeks ended 2 January 1999 £	52 weeks ended 27 December 1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	3,500	3,100
Depreciation:		
Owned	247,068	228,297
Property rents - operating leases	948,569	945,855
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 4 Remuneration of directors

	53 weeks ended 2 January 1999 £	52 weeks ended 27 December 1997 £
Directors' emoluments:		
As executives	143,412	130,350

### 5 Staff numbers and costs

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

	Number of employees	
	53 weeks ended 2 January 1999	52 weeks ended 27 December 1997
Management	9	6
Administration	11	8
Production	45	55
Shop	370	390
	435	459

The aggregate payroll costs of these persons were as follows:

	53 weeks ended 2 January 1999 £	52 weeks ended 27 December 1997 £
Wages and salaries	2,511,274	2,500,295
Social security costs	154,445	138,905
Other pension costs	32,691	29,056
	2,698,410	2,668,256

## Notes (continued)

### 6 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 £271,330 (1997: £365,788).

### 7 Tangible fixed assets

	Land and buildings £	Plant and Machinery £	Shop fixtures and fittings £	Total £
<i>Cost</i>				
At beginning of period	290,545	943,169	1,373,106	2,606,820
Additions	-	313,469	332,215	645,684
Disposals	-	(21,875)	-	(21,875)
Intra-group transfers	(52,486)	(2,288)	(74,147)	(128,921)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	238,059	1,232,475	1,631,174	3,101,708
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of period	226,029	481,602	627,691	1,335,322
Charge for period	9,095	68,637	173,690	251,422
On disposals	-	(21,875)	-	(21,875)
Intra-group transfers	(47,250)	(925)	(26,156)	(74,331)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	187,874	527,439	775,225	1,490,538
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 2 January 1999	50,185	705,036	855,949	1,611,170
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 1997	64,516	461,567	745,415	1,271,498
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes (continued)**

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

	2 January 1999 £	27 December 1997 £
Trade creditors	473,646	517,950
Amounts owed to group undertakings	791,277	682,310
Taxation and social security	43,634	40,494
Other creditors	206,918	285,354
Accruals	274,760	161,495
	<u>1,790,235</u>	<u>1,687,603</u>

**12 Deferred tax**

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

**13 Called up share capital**

	2 January 1999 £	27 December 1997 £
<i>Authorised</i>		
Ordinary shares of 1p each	3,799,375	3,799,375
Deferred shares of £1 each	50,625	50,625
	<u>3,850,000</u>	<u>3,850,000</u>
<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
	<u>3,801,131</u>	<u>3,801,131</u>

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)

### 14 Share premium and reserves

	Share premium account £	Profit and loss account £
At beginning of period	139,369	(3,371,309)
Retained profit for the period	-	92,461
	<hr/>	<hr/>
At end of period	139,369	(3,278,848)
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### 15 Commitments

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

	2 January 1999 £	27 December 1997 £
Contracted	170,000	157,000
	<hr/>	<hr/>

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

	2 January 1999 Land and buildings £	27 December 1997 Land and buildings £
Operating leases which expire:		
In the second to fifth years inclusive	162,148	176,350
Over five years	758,399	745,950
	<hr/>	<hr/>
	920,547	922,300
	<hr/> <hr/>	<hr/> <hr/>

### 16 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.