25th October 2002

# BETTYS & TAYLORS OF HARROGATE LTD

## Company Number 543821

# ANNUAL REPORT AND ACCOUNTS



# Report of the Directors

The directors submit their annual report and the audited accounts for the company for the fifty two weeks ended 25th October 2002.

## Principal Activities

The principal activities of the company have continued to be those of caterers and confectioners, and beverage producers. The state of the company's affairs is satisfactory.

## Results and Future Developments

The directors report a profit for the year of £4,487,000 after taxation. No dividend was paid during the year.

The parent company holds cash reserves and investments which, in the opinion of the directors, provide sufficient headroom to cover future capital expenditure plans and potential fluctuations in commodity prices.

## Creditor Payment Policy

The company pays all suppliers of revenue and capital items promptly within the terms agreed.

## Holding Company

The company is a wholly owned subsidiary of Bettys & Taylors Group Ltd, a company incorporated in England.

## Directors

The following directors have served during the year:

Mrs S A Greenall-Holme
Mrs L A Botto
Mr A Barwick
Mr I Jackson (resigned 31st January 2002)
Mrs M Godfrey
Mrs F L Docherty
Mrs J L Pike

None of the directors has any interests in the shares of the company or any other company within the group.

## Auditors

wbs will be recommended to the shareholders for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

## Report of the Directors (continued)

### Charitable, Social and Local Community Projects

The company participates in the group's charitable, social and local community work. The group aims to contribute an average of 5% of profits after tax, in cash or in kind to such projects.

During the year the following donations were made by the group:

| | £'000 |
|---|---|
| Charitable Donations in Cash | 149 |
| Charitable Donations in Kind | 22 |
| Sustainable Coffee Pricing | 267 |
| | 438 |
| % of group profit after tax | 9.2% |

Of this, the company made charitable donations of £112,000 (2001: £118,000).

Charitable donations in cash relate to the company's 'Trees for Life' and 'Feel good' initiatives, famine relief to Malawi, the Katie Sheppard memorial fund and the matching of funds raised by staff to benefit local charities.

Charitable donations in kind include time spent by staff on schools-industry work, educational visits to our Craft Bakery and Cookery School and donations towards local fund raising events.

Sustainable coffee pricing represents the amount paid in excess of market value to coffee farmers in Africa, Central America and India with whom we have a long term trading relationship. This guarantees them a fair profit margin during periods when market prices fall below the cost of production.

The group is one of the founder members of the Tea Sourcing Partnership which carries out social audits of tea estates throughout the world.

The group was awarded the Queens Award for Enterprise for Sustainable Development in 2001.

### Employees and Employment Policies

The company recognises that employee skills and involvement are essential to the continued growth. Employee development within the needs of the business is encouraged, as is the provision of full information on the objectives and progress of the company. It also recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and practical accommodations which can be made.

## Report of the Directors (continued)

The group is recognised as one of the Top 20 companies to work for in the 'Sunday Times Best Companies to Work For' awards.

The company participates in the group's profit sharing scheme. The group distributed £1,243,000, which is 26% of its profit after tax to employees as profit sharing bonus during the year.

### Directors' Responsibilities

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described in the notes to the financial statements, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on a going concern basis unless it is not appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

L A Botto
Secretary
Harrogate, 19th February 2003

# Report of the Independent Auditors to the Shareholders of Bettys & Taylors of Harrogate Ltd

We have audited the financial statements of Bettys & Taylors of Harrogate Ltd. for the year ended 25th October 2002 on pages 5 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

## Respective Responsibilities of Directors and Auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing standards.

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 1985. We also report to you if, in our opinion, the Report of the Directors 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.

We read the Report of the Directors and consider the implications for our report if we become award of any apparent misstatements within it.

## Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 25th October 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**wbs**
Chartered Accountants & Registered Auditor
The Hamlet, Hornbeam Park
Harrogate
19th February 2003

# Profit & Loss Account

**for the year ended 25th October 2002**

| | Note | 2002 £'000 | 2001 £'000 |
|---|---|---|---|
| **Turnover** | | 47,660 | 46,359 |
| Raw materials | | 16,386 | 16,795 |
| Staff costs | 1 | 10,183 | 8,615 |
| Depreciation of tangible assets | 4 | 1,631 | 1,592 |
| Other operating charges | 2 | 13,262 | 12,348 |
| | | 41,462 | 39,350 |
| **Profit on ordinary activities before taxation** | | 6,198 | 7,009 |
| Tax on profit on ordinary activities | 3 | 1,711 | 2,257 |
| **Profit on ordinary activities after taxation** | | 4,487 | 4,752 |
| Retained profit brought forward | | 10,164 | 5,412 |
| **Retained profit carried forward** | | 14,651 | 10,164 |

There were no recognised gains or losses or any movements in shareholders' funds other than those shown above.
All turnover and profit derives from continuing operations.

## Balance Sheet
**as at 25th October 2002**

| | Note | 2002 £'000 | 2001 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 4 | 6,337 | 4,386 |
| **Current assets** | | | |
| Stocks | 5 | 8,826 | 7,276 |
| Debtors | 6 | 4,770 | 4,512 |
| Cash at bank & in hand | 7 | 359 | 199 |
| | | 13,955 | 11,987 |
| **Creditors falling due within one year** | 8 | 5,631 | 6,199 |
| **Net current assets** | | 8,324 | 5,788 |
| **Net assets** | | 14,661 | 10,174 |
| **Capital and reserves** | | | |
| Called up share capital | 10 | - | - |
| Capital reserve | 11 | 10 | 10 |
| Profit and loss account | | 14,651 | 10,164 |
| **Equity shareholders' funds** | | 14,661 | 10,174 |

The attached notes form part of these accounts.

S A Greenall - Holme
L A Botto
Directors

19th February 2003

# Statement of Accounting Policies
**for year ended 25th October 2002**

## Accounting Standards

The accounts are prepared in accordance with applicable accounting standards.

## Depreciation

Depreciation is provided on a straight line basis over the expected useful lives of fixed assets as follows:

| | |
|---|---|
| Plant & equipment | 5 years |
| Ovens & cooling chambers | 10 to 20 years |
| Motor vehicles | 4 years |
| Computer equipment | 2 to 4 years |

## Stocks

Stocks have been valued at the lower of cost and net realisable value.

## Deferred Taxation

Deferred taxation is recognised on timing differences arising between taxable profits and profit before tax, except those arising from rollover relief or occasional revaluation. It is subject to the recoverability of deferred tax assets.

This is a change of policy to comply with FRS19. It has no material effect on the previous financial statements.

## Capital Gains

Capital gains on the disposal of properties, after deduction of the relevant taxation, are credited to the capital reserve.

## Foreign Currency Translation

Transactions are translated at the actual rate. Year end monetary assets, net of liabilities or commitments are translated at the year end closing rate.

## Pension Contributions

The costs of pension contributions are charged as due. The company participates in group pension schemes operated by the parent company.

## Operating Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

# Notes to the Financial Statements
**for the year ended 25th October 2002**

| | 2002 £'000 | 2001 £'000 |
|---|---|---|
| **1. Staff costs** | | |
| Wages & salaries | 9,300 | 7,788 |
| Social security costs | 634 | 605 |
| Other pension costs | 249 | 222 |
| | 10,183 | 8,615 |
| The average number of full and part time employees per week during the year was :- | 738 | 690 |
| The remuneration of directors amounted to :- | | |
| Salaries & Bonuses | 375 | 379 |
| Benefits in kind | 31 | 47 |
| Compensation payments | 26 | 80 |
| | 432 | 506 |
| The number of directors for whom retirement benefits were accrued under defined benefit schemes was :- | 6 | 6 |
| The remuneration of the highest paid director was :- | 90 | 84 |
| The accrued pension of the highest paid director was :- | 23 | 18 |
| **2. Other operating charges** | | |
| These include :- | | |
| Auditors' fees for audit & other work | 24 | 22 |
| Vehicle & equipment hire | 181 | 210 |
| Property rent payable | 828 | 826 |

## Notes (continued)

| | 2002 £'000 | 2001 £'000 |
|---|---|---|
| **3. Taxation** | | |
| UK corporation tax at 30% (2001 - 30%) | | |
| Current year :- | | |
| Current tax | 1,842 | 2,243 |
| Deferred tax | 37 | - |
| | 1,879 | 2,243 |
| Adjustment in respect of prior years :- | | |
| Current tax | (48) | 14 |
| Deferred tax | (120) | - |
| | 1,711 | 2,257 |
| Factors affecting the tax charge | | |
| Pre tax profits taxed @ 30% | 1,859 | 2,103 |
| Effect of :- | | |
| Expenses not deductible for tax | 20 | 16 |
| Depreciation in excess of capital allowances | - | 124 |
| Total tax charge for the year | 1,879 | 2,243 |
| Capital allowances in excess of depreciation | (37) | - |
| Current tax charge for the year | 1,842 | 2,243 |
| Adjustment in respect of prior years includes a previous unacknowledged deferred tax debtor of :- | 150 | - |

## Notes (continued)

### 4. Tangible assets

| | Plant & Equipment £'000 | Motor Vehicles £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| at 26th October 2001 | 14,798 | 363 | 15,161 |
| Additions | 3,428 | 184 | 3,612 |
| Disposals | (435) | (151) | (586) |
| at 25th October 2002 | 17,791 | 396 | 18,187 |
| **Depreciation** | | | |
| at 26th October 2001 | 10,544 | 231 | 10,775 |
| Charge for the year | 1,579 | 52 | 1,631 |
| Disposals | (431) | (125) | (556) |
| at 25th October 2002 | 11,692 | 158 | 11,850 |
| **Net book value at 25th October 2002** | 6,099 | 238 | 6,337 |
| Net book value at 26th October 2001 | 4,254 | 132 | 4,386 |

### 5. Stocks

| | 2002 £'000 | 2001 £'000 |
|---|---|---|
| Finished goods | 1,253 | 989 |
| Work in progress | 82 | 82 |
| Raw materials | 7,491 | 6,205 |
| | 8,826 | 7,276 |

## Notes (continued)

| | 2002 £'000 | 2001 £'000 |
|---|---|---|
| **6. Debtors** | | |
| Trade debtors | 4,470 | 4,360 |
| Deferred tax (note 9) | 83 | - |
| Prepayments & accrued income | 217 | 152 |
| | 4,770 | 4,512 |
| **7. Cash at bank and in hand** | | |
| At bank | 342 | 181 |
| In hand | 17 | 18 |
| | 359 | 199 |
| **8. Creditors - amounts falling due within one year** | | |
| Trade creditors | 2,667 | 2,292 |
| Amounts owed to group companies | 1,150 | 2,549 |
| Corporation tax | 911 | 1,082 |
| Accruals & deferred income | 903 | 276 |
| | 5,631 | 6,199 |

A group bank overdraft facility of £3m is secured on freehold and leasehold land and buildings. Group bank borrowings are covered by cross guarantees between group companies.

## Notes (continued)

| | 2002 £'000 | 2001 £'000 |
|---|---|---|
| **9. Deferred tax** | | |
| Balance brought forward | - | - |
| Adjustment in respect of prior years | (120) | - |
| Charge to profit & loss account in the year | 37 | - |
| Debtor balance carried forward | (83) | - |
| The balance consists entirely of accelerated tax allowances for tangible assets | | |
| **10. Called up share capital** | | |
| Ordinary shares of £1 each Authorised - 100 shares | - | - |
| Issued & fully paid - 100 shares | - | - |
| **11. Capital reserve** | | |
| Distributable | 10 | 10 |
| **12. Capital commitments** | | |
| At the year end there were commitments to capital expenditure as follows:- | 830 | 224 |
| **13. Leasing commitments** | | |
| At the year end there were commitments to lease payments in the following year as follows :- | | |
| For equipment & vehicle leases expiring : | | |
| within one year | 5 | - |
| within two to five years | 98 | 133 |
| **15. Pension costs** | | |
| The company participates in group pension schemes schemes including a defined benefit scheme the details of which are disclosed in the parent company accounts. | | |