Ivor Dewdney's Pasties Limited

Directors' report and financial statements

Registered number 3521189

31 March 2000



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Directors' report

The directors present their second report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The principal activity of the company and of its subsidiary undertaking is the sale of pasties, pies and foodstuffs.

Business review

The results for the financial year are given in the profit and loss account on page 4. The financial position at the end of the year is given in the balance sheet on page 5.

The trade of two branches, previously included within the accounts of Ivor Dewdney's Pasties (Midlands) Limited, was transferred to the company as the final part of the group reorganisation with effect from 4 April 1999.

The legal and professional fees include over £24,000 of costs this year which relate to litigation proceedings that the company was pursuing. The litigation has recently had a successful conclusion.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the financial year had the following interests in the shares of the company as recorded in the register of directors' share and debenture interests:

	Interest at beginning and end of year
JC Abbott	78,429
NR Abbott	78,429
PAJ Abbott Jnr	78,429

The above named directors' parents' own 13 shares of the company.

Auditors

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

By order of the board

NR Abbott
Director

Plym House
3 Longbridge Road
Marsh Mills
Plymouth
Devon
PL6 8LT

21 MARCH 2001

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 judgments and estimates that are reasonable and prudent;
- 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

Plym House
3 Longbridge Road
Marsh Mills
Plymouth
PL6 8LT
United Kingdom

Report of the auditors to the members of Ivor Dewdney's Pasties Limited

We have audited the financial statements on pages 4 to 12.

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 judgments 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 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

22nd March 2001

Profit and loss account

for the year ended 31 March 2000

	Note	**2000** £	1999 £
Turnover	*2*	**786,782**	672,275
Cost of sales		**(374,929)**	(314,959)
Gross profit		**411,853**	357,316
Distribution costs		**(31,050)**	(25,896)
Administrative expenses		**(319,632)**	(270,732)
Other operating income		**23,760**	11,250
Operating profit	*3*	**84,931**	71,938
Interest receivable and similar income	*6*	**1,219**	985
Interest payable and similar charges	*7*	**(20,254)**	(40,986)
Profit on ordinary activities before taxation		**65,896**	31,937
Tax on profit on ordinary activities	*8*	**(19,167)**	(20,341)
Profit for the financial year		**46,729**	11,596

The result for 1999 wholly relates to acquisitions during that year.

The result for 2000 wholly relates to continuing operations.

There were no discontinued operations within the company during 2000 or 1999.

The company has no recognised gains or losses in either 2000 or 1999 other than the result for these years.

A statement of movement in reserves is given in note 16.

A statement of movement in equity shareholders' funds is given in note 17.

Balance sheet

at 31 March 2000

		2000		1999	
		£	£	£	£
Fixed assets					
Goodwill	*9*		**3**		4
Tangible assets	*10*		**602,103**		530,158
Investments	*11*		**235,800**		235,800
			837,906		765,962
Current assets					
Stocks	*12*	**24,044**		39,660	
Debtors	*13*	**28,499**		25,534	
Cash at bank and in hand		**40,898**		51,718	
		93,441		116,912	
Creditors: amounts falling due within one year	*14*	**(637,122)**		(635,378)	
Net current liabilities			**(543,681)**		(518,466)
Net assets			**294,225**		247,496
Capital and reserves					
Called up share capital	*15*		**235,900**		235,900
Profit and loss account	*16*		**58,325**		11,596
Equity shareholders' funds	*17*		**294,225**		247,496

These financial statements were approved by the board of directors on 21 MARCH 2001 and were signed on its behalf by:

PAJ Abbott
Director

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 by virtue of section 248 of the Companies Act 1985 from the requirements to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Investments

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

Goodwill

Goodwill arising in respect of acquisition is included within fixed assets and amortised to the profit and loss account over four years on a straight line basis.

Stock

Stock is stated at the lower of cost and net realisable value.

Fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice 19,

(i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and

(ii) no depreciation or amortisation is provided in respect of the freehold investment property.

This treatment, as regards the company's investment property may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation is provided to write off the cost of other tangible fixed assets over their estimated useful economic lives as follows:

Freehold and long leasehold buildings	-	2% straight line
Plant and equipment	-	25% on written down value
Motor vehicles	-	25% on written down value

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Grants

Grants are allocated to revenue and capital as appropriate.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers during the year.

3 Operating profit

	2000	1999
	£	£
This is stated after charging/(crediting):		
Depreciation and other amounts written off intangible and tangible fixed assets	**21,342**	19,777
Operating leases – land and buildings	**26,663**	2,965
Auditors' remuneration	**3,300**	3,300
Management services	**-**	27,877
Rent receivable	**(17,260)**	(11,250)

4 Remuneration of directors

	2000	1999
	£	£
Directors' emoluments as executives	**20,233**	-

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:

	Number of employees	
	2000	1999
Sales	**41**	30
Administration	**5**	1
	46	31

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	**280,035**	182,736
Social security costs	**17,017**	10,982
	297,052	193,718

6 Interest receivable and similar income

	2000	1999
	£	£
Bank interest	**1,219**	985

7 Interest payable and similar charges

	2000	1999
	£	£
Amounts payable on other loans	**20,254**	40,986

8 Taxation

	2000	1999
	£	£
UK corporation tax at 20% *(1999: 21%)* on the profit for the year on ordinary activities	**19,167**	20,341

Notes *(continued)*

9 Goodwill

	£
Cost	
At beginning and end of year	4
Amortisation	
At beginning of year	-
Charge for year	1
At end of year	1
Net book value	
At 31 March 2000	3
At 3 April 1999	4

10 Tangible fixed assets

	Freehold investment property	Freehold property	Long leasehold property	Plant and machinery	Office equipment fixtures & furniture	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At beginning of year	110,000	127,279	256,443	31,383	15,802	9,028	549,935
Additions	-	-	73,389	14,980	4,917	-	93,286
At end of year	110,000	127,279	329,832	46,363	20,719	9,028	643,221
Depreciation							
At beginning of year	-	3,501	3,653	6,415	3,951	2,257	19,777
Charge for year	-	420	5,949	9,087	4,192	1,693	21,341
At end of year	-	3,921	9,602	15,502	8,143	3,950	41,118
Net book value							
At 31 March 2000	**110,000**	**123,358**	**320,230**	**30,861**	**12,576**	**5,078**	**602,103**
At 3 April 1999	110,000	123,778	252,790	24,968	11,851	6,771	530,158

Included in the cost of freehold property is £29,250 in relation to land, which is not being depreciated.

The cost of the investment property was determined from an independent valuation performed by T. Jenkins LLB (Hons) of Chesterton International Property Consultants, dated 30 April 1998. The directors believe that this cost reflects the current open market value.

Notes *(continued)*

11 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	
At beginning and end of year	**235,800**

The above investment comprises 100% of the ordinary share capital of Ivor Dewdney's Pasties (Midlands) Limited, a company incorporated in Great Britain and registered in England and Wales. The principal activity of the subsidiary is that of the sale of pasties, pies and foodstuffs.

The aggregate amount of Ivor Dewdney's Pasties (Midlands) Limited's capital and reserves at 31 March 2000 was £283,972 *(1999: £264,849)* and its profit for the year ended 31 March 2000 after taxation was £19,123 *(1999: £32,007)*.

As stated in note 1, the company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that it qualifies as a small group.

12 Stocks

	2000 £	1999 £
Raw materials and consumables	**17,998**	24,538
Goods for resale	**6,046**	15,122
	24,044	39,660

13 Debtors

	2000 £	1999 £
Trade debtors	**95**	912
Other debtors	**25,916**	24,059
Prepayments	**2,488**	563
	28,499	25,534

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2000		1999	
	£	£	£	£
Trade creditors		**37,621**		64,839
Amounts owed to subsidiary undertaking		**175,538**		190,227
Other creditors including taxation and social security				
Corporation tax	**34,275**		20,341	
Other taxes and social security	**5,168**		4,122	
Taxation and social security	**39,443**		24,463	
Other creditors	**362,732**		341,260	
		402,175		365,723
Accruals and deferred income		**21,788**		14,589
		637,122		635,378

Included in other creditors is £361,658 *(1999: £340,042)* which relates to a loan from the directors' parents PAJ Abbott Snr and Mrs MPK Abbott. The loan bears interest at 6% per annum and is repayable on demand. The interest charged on this loan for the year amounted to £20,254 *(1999: £40,857)*.

15 Called up share capital

	2000	1999
	£	£
Authorised		
Ordinary shares of £1 each	**500,000**	500,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**235,900**	235,900

16 Statement of movement in reserves

	Profit and loss account	
	2000	1999
	£	£
At beginning of year	**11,596**	-
Profit for the year	**46,729**	11,596
At end of year	**58,325**	11,596

Notes *(continued)*

17 Reconciliation of movement in equity shareholders' funds

	2000 £	1999 £
Opening equity shareholders' funds	**247,496**	-
Share capital issued in year	**-**	235,900
Profit for the year	**46,729**	11,596
Closing equity shareholders' funds	**294,225**	247,496

18 Commitments

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

	2000 Land and buildings £	1999 Land and buildings £
Operating leases which expire over five years	**26,663**	2,889

19 Related party transactions

During the year the company had transactions with its subsidiary undertaking, Ivor Dewdney's Pasties (Midlands) Limited as follows:

- Sold goods for resale to the value of £13,736;
- The company also received loans from its subsidiary undertaking during the year and the balance at the end of the year was £175,538. This loan is interest free and repayable on demand.

The loan from the former directors PAJ Abbott Snr and Mrs MPK Abbott bears interest at 6% per annum. The interest charged on this loan for the year amounted to £20,254.

The company paid PAJ Abbott Snr and Mrs MPK Abbott £24,000 rent for the use of properties during the year.