

GEO. BASSETT & CO. LIMITED

REPORT AND ACCOUNTS

29th March 1985

3.

GEO. BASSETT & CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 29th March 1985.

1. ACTIVITY

The activity of the company during the year was the manufacture and sale of confectionery.

2. RESULTS

The results for the year are set out in the profit and loss account on page 5. The directors consider that the company's state of affairs at the year end is satisfactory.

No dividend is proposed (1984 - £NIL).

3. DIRECTORS

The following were directors of the company during the year:

H.B. Stokes (Chairman)
B.E. Creed
P. Ashmore
J.H. Buckley
B.M. Bunnik (Dutch) (Resigned 31st July 1984)
K.C. Clow
J.E. Cole (Appointed 2nd May 1984).
C.J.M. Hughes
T.A. Longden

None of the directors had an interest in the shares of the company. Messrs. Stokes, Creed, Buckley and Bunnik were directors of the ultimate holding company during the year, and their shareholdings are disclosed in that company's accounts.

The interest of the remaining directors, as defined by the Companies Act 1985, in the 25p ordinary shares of Bassett Foods plc, the ultimate holding company, at 29th March 1985 and 1st April 1984 were as follows:

	29.3.85	1.4.84
	No.	No.
Fully paid - held beneficially:		
T.A. Longden	3,124	468

GEO. BASSETT & CO. LIMITEDDIRECTORS' REPORT

3. DIRECTORS, continued

Share incentive scheme - held beneficially:

	29.3.85 No.	1.4.84 No.
3p Paid:		
T.A. Longden	6,375	8,500
Fully Paid:		
T.A. Longden	1,594	2,125
Bassett Foods plc 1982 Employee Profit Sharing Share Scheme - held beneficially:		
P. Ashmore	220	107
K.C. Clow	217	106
T.A. Longden	224	110

P. Ashmore, K.C. Clow, T.A. Longden and C.J.M. Hughes hold options under the Bassett Foods plc 1973 Share Option Scheme to subscribe for 6,000 ordinary shares each.

4. FUTURE PROSPECTS

The directors believe that there is considerable scope for the further development of the sugar confectionery business both in the United Kingdom and overseas.

5. RESEARCH AND DEVELOPMENT

The company continues to direct its research and development activities towards the improvement in quality and presentation of its existing range, and to product innovation and process improvement.

6. FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 6 to the accounts. In the opinion of the directors there is no material difference between the book and open market value of interests in land.

7. DONATIONS

During the year the company made charitable donations of £117 (1984 - £2,496).

GEO. BASSETT & CO. LIMITEDDIRECTORS' REPORT

8. EMPLOYMENT OF DISABLED PERSONS

The company has continued its policy regarding the employment of disabled persons wherever appropriate. Currently 3% of the workforce are registered disabled persons. In the event of employees becoming disabled every effort would be made to continue their employment after appropriate training.

9. COMMUNICATION WITH EMPLOYEES

The company recognises the importance of good communication with employees and their involvement in matters affecting company performance. Communication is achieved through a variety of means which include an in-house newspaper, consultative factory and staff councils, and discussions with employee representatives on matters of particular importance.


10. CLOSE COMPANY STATUS

As far as the directors are aware, the company is not a close company for taxation purposes.

11. AUDITORS

Messrs. Touche Ross & Co. have indicated their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Secretary

4th July 1985

AUDITORS' REPORT TO THE MEMBERS

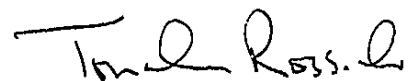
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GEO. BASSETT & CO. LIMITED

We have audited the accounts and notes on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of the company's affairs at 29th March 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

4th July 1985


Chartered Accountants

GEO. BASSETT & CO. LIMITEDPROFIT AND LOSS ACCOUNTYear ended 29th March 1985

	Note	1985 £	1984 £
Sales	2	42,066,513	41,284,155
Cost of sales		<u>26,277,142</u>	<u>27,801,961</u>
Gross profit		15,789,371	13,482,194
Distribution costs		9,705,606	8,556,214
Administrative expenses		<u>3,435,413</u>	<u>2,119,967</u>
Trading profit		2,648,352	2,806,013
Interest payable	3	<u>664,403</u>	<u>462,236</u>
Profit on ordinary activities before taxation	3	1,983,949	2,343,777
Tax on profit on ordinary activities	4	<u>93,000</u>	<u>155,174</u>
Profit on ordinary activities after taxation		2,076,949	2,498,951
Extraordinary item	5	<u>(122,500)</u>	<u>(93,057)</u>
		1,954,449	2,405,894
Dividends paid		-	-
Profit and loss account brought forward		6,464,429	4,783,535
Extraordinary item - provision for deferred taxation	12	<u>-</u>	<u>(725,000)</u>
Profit and loss account carried forward		<u>8,418,878</u> =====	<u>6,464,429</u> =====

The profit for 1984 after providing for deferred taxation of £725,000 was
£1,680,894.

GEO. BASSETT & CO. LIMITED
BALANCE SHEET - 29th March 1985

	Note	1985 £	1984 £
FIXED ASSETS			
Tangible assets	6	<u>12,923,976</u>	<u>11,522,181</u>
CURRENT ASSETS			
Stocks	7	7,494,941	6,717,373
Debtors	8	9,450,014	8,965,527
Cash at bank and in hand		<u>6,761</u>	<u>81,567</u>
		<u>16,951,716</u>	<u>15,764,467</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft	9	6,307,132	5,102,370
Trade creditors		4,236,563	4,720,225
Amounts owed to group companies		1,654,906	5,786,714
Other creditors including taxation and social security	10	<u>2,889,981</u>	<u>2,793,461</u>
		<u>15,088,582</u>	<u>18,402,770</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,863,134</u>	<u>(2,638,303)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,787,110	8,883,878
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	11	4,336,232	294,449
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>632,000</u>	<u>725,000</u>
		<u>9,818,878</u>	<u>7,864,429</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,400,000	1,400,000
Profit and loss account		<u>8,418,878</u>	<u>6,464,429</u>
		<u>9,818,878</u>	<u>7,864,429</u>

The accounts were approved by the Board of Directors on 4th July 1985.

H. B. Brown }
 [Signature] } Directors

GEO. BASSETT & CO. LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 29th March 1985

	1985 £	1984 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,983,949	2,343,777
Extraordinary item	<u>(122,500)</u>	<u>(93,057)</u>
	1,861,449	2,250,720
Adjustments for items not involving the movement of funds:		
Depreciation	1,000,019	945,935
Decrease in development grants	<u>(22,367)</u>	<u>(9,415)</u>
Loss on disposal of tangible fixed assets	<u>159,322</u>	<u>195,938</u>
Total generated from operations	2,998,423	3,383,178
Sale of tangible fixed assets	216,652	22,979
Increase in creditors	-	1,872,962
Group tax relief paid by holding company	<u>-</u>	<u>155,174</u>
	<u>3,215,075</u>	<u>5,434,293</u>
APPLICATION OF FUNDS		
Purchases of tangible fixed assets	2,777,788	3,341,879
Increase in stocks	777,568	1,631,517
Increase in debtors	484,487	2,132,078
Decrease in creditors	387,142	-
Decrease in amounts owed to group companies	<u>67,658</u>	<u>-</u>
	<u>4,494,643</u>	<u>7,105,474</u>
DECREASE IN NET LIQUID FUNDS	<u>(1,279,568)</u> =====	<u>(1,671,181)</u> =====

(Net liquid funds comprise bank balances less bank overdraft).

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Tangible fixed assets

Freehold land and buildings are shown at cost. Other fixed assets are shown at cost, any regional development grants being treated as deferred credits and amortised over the expected useful life of the asset concerned. The balance of unused grants is included in creditors falling due after more than one year.

Depreciation, calculated on cost, is provided on a straight line basis over the expected useful life of the asset.

The rates of depreciation per annum are:

Freehold buildings	2%
Long leasehold buildings	2% (10% for certain prefabricated buildings)
Short leasehold buildings	term of lease
Plant	5% - 20%
Motor vehicles	20% - 25%

(c) Stocks

Stocks are stated at the lower of cost or net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(d) Taxation

Deferred taxation is provided on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, at the rate at which they are expected to reverse, except where the tax reduction is expected to continue in the foreseeable future.

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

1. ACCOUNTING POLICIES, continued

(e) Research and development expenditure

These expenses are charged against revenue in the year in which they are incurred.

(f) Leases

Leased assets, other than property leases, are not capitalised. The annual costs in respect of equipment leases are charged to the profit and loss account and disclosed under the heading 'charges for hire of plant and machinery'.

2. SALES

Sales represent amounts invoiced to customers in the United Kingdom net of discounts and value added tax.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	1985 £	1984 £
Depreciation	1,000,019	945,935
Directors' emoluments:		
As directors	-	-
As executives	120,124	110,681
Charges for hire of plant and machinery	416,772	396,839
Audit fee	35,000	33,000
Interest on bank overdraft	664,403	462,236

The directors' emoluments (excluding pension contributions) were:

	1985 £	1984 £
The Chairman	-	-
The highest paid director	33,751	38,646

The other directors had emoluments within the indicated ranges

	1985 No.	1984 No.
£ 0 - £ 5,000	4	5
£25,001 - £30,000	3	2

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION, continued

Information relating to employees is as follows:

	1985 £	1984 £
Employee costs during the year amounted to:		
Wages and salaries	12,398,247	11,868,000
Social security costs	1,224,532	1,228,000
Other pension costs	83,302	667,000
	<u>13,706,081</u>	<u>13,763,000</u>
	=====	=====

No employee had emoluments in excess of £30,000 in either year.

The average weekly number of persons employed by the company during the year was as follows:

1985		1984	
Number Employed	Full-time Equivalent	Number Employed	Full-time Equivalent
2,919	1,980	2,917	1,983
=====	=====	=====	=====

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985 £	1984 £
Corporation tax at 45% (1984 - 50%) based on the profit for the year	-	-
Deferred taxation no longer required	93,000	-
Payment from parent company in consideration for the surrender of tax relief at 45% (1984 - 50%) in respect of losses	-	155,174
	<u>93,000</u>	<u>155,174</u>
	=====	=====

The tax charge for the year has been reduced by £900,000 (1984 - £421,000) in respect of losses brought forward and current year timing differences and by £Nil (1984 - £128,000) in respect of stock appreciation relief.

There are tax losses of approximately £514,000 (1984 - £924,000) available to be carried forward for relief against future trading income.

5. EXTRAORDINARY ITEM

	1985 £	1984 £
Reorganisation costs	<u>122,500</u>	<u>93,057</u>
	=====	=====

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

6. TANGIBLE FIXED ASSETS

(a) Movement in the year

	Land and Buildings £	Plant £	Total £
Cost			
At 1st April 1984	4,509,469	15,631,314	20,140,783
Additions	122,118	2,657,374	2,779,492
Disposals	(270,000)	(508,845)	(778,845)
Reclassification	54,585	(54,585)	-
At 29th March 1985	4,416,172	17,725,258	22,141,430
	=====	=====	=====
Accumulated depreciation			
At 1st April 1984	1,263,533	7,355,069	8,618,602
Charge	102,073	897,946	1,000,019
Additions	-	1,704	1,704
Disposals	-	(402,871)	(402,871)
Reclassification	(4,452)	4,452	-
At 29th March 1985	1,361,154	7,856,300	9,217,454
	=====	=====	=====
Net book value			
At 29th March 1985	3,055,018	9,868,958	12,923,976
	=====	=====	=====
At 1st April 1984	3,245,936	8,276,245	11,522,181
	=====	=====	=====
Land and buildings comprise:	£		
Freehold properties	2,197,295		
Properties held on long lease	2,102,958		
Properties held on short lease	115,919		
	4,416,172		
	=====		

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

6. TANGIBLE FIXED ASSETS, continued

(b) Assets in the course of construction

Included in the above is incomplete expenditure amounting to £2,376,128 upon which no provision for depreciation has been made.

(c) Capital commitments

At 29th March 1985, the directors had authorised capital expenditure:

	1985 £	1984 £
- against which orders had been placed	292,186	579,473
- authorised but not committed	<u>94,370</u>	<u>188,527</u>
	<u>386,556</u>	<u>768,000</u>
	=====	=====

7. STOCKS

	1985 £	1984 £
Raw materials and consumables	2,560,413	2,115,148
Work-in-progress	715,864	590,880
Finished goods and goods for resale	<u>4,218,664</u>	<u>4,011,345</u>
	<u>7,494,941</u>	<u>6,717,373</u>
	=====	=====

There was no material difference between the balance sheet value of stocks and their estimated replacement cost at the balance sheet dates.

8. DEBTORS

into includes:	1985 £	1984 £
Trade debtors		
Due within one year	5,478,241	5,681,500
Amounts owed by group companies	3,562,529	2,950,414
Prepayments	174,044	200,377
Other debtors	<u>235,200</u>	<u>133,236</u>
	<u>9,450,014</u>	<u>8,965,527</u>
	=====	=====

9. BANK OVERDRAFT

The bank overdraft is the subject of cross guarantees given by certain other group companies.

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1985 £	1984 £
This includes:		
Taxation and social security	1,603,171	1,491,518
Accruals	335,124	246,540
Other creditors	<u>951,686</u>	<u>1,055,403</u>
	<u>2,889,981</u>	<u>2,793,461</u>
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1985 £	1984 £
Development grants	272,082	294,449
Amounts due to group companies	<u>1,064,150</u>	<u>-</u>
	<u>4,336,232</u>	<u>294,449</u>
	=====	=====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1985 £	1984 £
Deferred taxation:		
Balance at 1st April	725,000	-
Profit and loss account	(93,000)	-
Extraordinary item	<u>-</u>	<u>725,000</u>
Balance at 29th March	<u>632,000</u>	<u>725,000</u>
	=====	=====

The potential liability to deferred taxation, and the amounts provided are:

	1985		1984	
	Amount Provided £	Total Potential Tax £	Amount Provided £	Total Potential Tax £
Capital allowances in excess of depreciation	3,198,000	4,446,000	3,270,000	4,525,000
Other timing differences	-	-	-	26,000
Losses	<u>(180,000)</u>	<u>(205,000)</u>	<u>(370,000)</u>	<u>(416,000)</u>
	3,018,000	4,241,000	2,900,000	4,135,000
Unrelieved advance corporation tax	<u>(2,386,000)</u>	<u>(2,386,000)</u>	<u>(2,175,000)</u>	<u>(2,435,000)</u>
	<u>632,000</u>	<u>1,855,000</u>	<u>725,000</u>	<u>1,700,000</u>
	=====	=====	=====	=====

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 29th March 1985

13. CALLED UP SHARE CAPITAL

	1985 £	1984 £
Authorised		
Ordinary shares of £1 each	1,400,000 =====	1,400,000 =====
Allotted and fully paid	1,400,000 =====	1,400,000 =====

14. LEASE COMMITMENTS

The company has entered into non-cancellable leasing arrangements in respect of plant and vehicles, the payments for which extend over a period of up to 7 years. The total annual rental (including interest) for 1985 was £329,000 (1984 - £322,000). The lease agreements provide that the company will pay all repairs, maintenance and insurance. The company may continue, at its option, to renew the lease at the expiration of the primary lease period.

In addition, the company holds certain long-term leases. The annual rental on these leases was £148,000 (1984 - £141,000). The rents payable are subject to review at various intervals specified in the leases. The company pays all insurance, maintenance and repairs to these properties.

The minimum annual rental under the foregoing leases is as follows:

	£
Year ending 31st March:	
1986	493,000
1987	295,000
1988	195,000
1989	188,000
1990	181,000
1991	161,000
Later years	148,000

15. CONTINGENT LIABILITIES

The company has guaranteed certain group bank overdrafts and borrowings in the United Kingdom.

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Bassett Foods plc which is incorporated in Great Britain.