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GEO. BASSETT & CO. LIMITED

REPORT AND ACCOUNTS

30th March 1984



GEO. BASSETT & CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 30th March 1984.

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 (1983 - £200,000).

3. DIRECTORS

The following were directors of the company during the year:

H.B. Stokes (Chairman)
M.J. Shanks (Deceased 13th January 1984)
B.E. Creed
P. Ashmore
J.H. Buckley
B.M. Bunnik (Dutch)
K.C. Clow
C.J.M. Hughes
T.A. Longden

J.E. Cole was appointed to the Board on 2nd May 1984.

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

The interest of the remaining directors, as defined by the Companies Act 1967, in the 25p ordinary shares of Bassett Foods plc, the ultimate holding company, at 30th March 1984 and 1st April 1983 were as follows:

	30.3.84	1.4.83
	No.	No.
Fully paid - held beneficially:		
T.A. Longden	468	468

GEO. BASSETT & CO. LIMITEDDIRECTORS' REPORT

3. DIRECTORS, continued

Share incentive scheme - held beneficially:

	30.3.84 No.	1.4.83 No.
3p Paid:		
T.A. Longden	8,500	8,500
Fully Paid:		
T.A. Longden	2,125	2,125
Bassett Foods plc 1982 Employee Profit Sharing Share Scheme - held beneficially:		
P. Ashmore	107	-
K.C. Clow	106	-
T.A. Longden	110	-

P. Ashmore, K.C. Clow and T.A. Longden hold options under the Bassett Foods plc 1973 Share Option Scheme to subscribe for 6000 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

New products have been developed which specifically utilise proven sugar confectionery manufacturing and marketing skills, but which broaden the product base into chocolate confectionery.

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 £2,496. (1983 - £4,217).

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 our 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.

29th June 1984

AUDITORS' REPORT TO THE MEMBERS

of

GEO. BASSETT & CO. LIMITED

We have audited the accounts and notes on pages 5 to 15 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 30th March 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

29th June 1984


Chartered Accountants

GEO. BASSETT & CO. LIMITEDPROFIT AND LOSS ACCOUNTYear ended 30th March 1984

	Note	1984 £	1983 £
Sales	2	41,284,155	37,528,859
Cost of sales		27,801,961	25,281,763
Gross profit		13,482,194	12,247,096
Distribution costs		8,556,214	8,326,462
Administrative expenses		2,119,967	1,640,084
Trading profit		2,806,013	2,280,550
Interest payable	3	462,236	418,399
Profit on ordinary activities before taxation	3	2,343,777	1,862,151
Tax on profit on ordinary activities	4	155,174	-
Profit on ordinary activities after taxation		2,498,951	1,862,151
Extraordinary item	5	(93,057)	(100,000)
		2,405,894	1,762,151
Dividends paid		-	(200,000)
Profit and loss account brought forward		4,783,535	3,221,384
Extraordinary item - provision for deferred taxation	12	(725,000)	-
Profit and loss account carried forward		6,464,429	4,783,535

The profit for the financial year after providing for deferred taxation of £725,000 (1983 - £NIL) is £1,680,894 (1983 - £1,762,151).

GEO. BASSETT & CO. LIMITEDBALANCE SHEET - 30th March 1984

	Note	1984 £	1983 £
FIXED ASSETS			
Tangible assets	6	11,522,181	9,345,154
CURRENT ASSETS			
Stocks	7	6,717,373	5,085,856
Debtors	8	8,965,527	6,833,449
Cash at bank and in hand		81,567	53,709
		<hr/>	<hr/>
		15,764,467	11,973,014
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft	9	5,102,370	3,403,331
Trade creditors		4,720,225	2,775,677
Amounts owed to group companies		5,786,714	5,935,353
Other creditors including taxation and social security	10	2,793,461	2,716,408
		<hr/>	<hr/>
		18,402,770	14,830,769
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(2,638,303)	(2,857,755)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,883,878	6,487,399
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	294,449	303,864
PROVISIONS FOR LIABILITIES AND CHARGES	12	725,000	-
		<hr/>	<hr/>
		7,864,429	6,183,535
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	1,400,000	1,400,000
Profit and loss account		6,464,429	4,783,535
		<hr/>	<hr/>
		7,864,429	6,183,535
		<hr/>	<hr/>

The accounts were approved by the Board of Directors on 29th June 1984.

H. B. Stokes
J. N. Colman

Directors

GEO. BASSETT & CO. LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSYear ended 30th March 1984

	1984 £	1983 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,343,777	1,862,151
Extraordinary item	(93,057)	(100,000)
	<hr/>	<hr/>
	2,250,720	1,762,151
Adjustments for items not involving the movement of funds:		
Depreciation	945,935	916,466
Decrease in development grants	(9,415)	(9,415)
Loss on disposal of tangible fixed assets	195,938	31,267
	<hr/>	<hr/>
Total generated from operations	3,383,178	2,700,469
Sale of tangible fixed assets	22,979	26,271
Increase in creditors	1,872,962	-
Decrease in debtors	-	213,331
Decrease in stocks	-	239,645
Group tax relief paid by holding company	155,174	-
	<hr/>	<hr/>
	5,434,293	3,179,716
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Purchases of tangible fixed assets	3,341,879	1,161,273
Dividends paid to holding company	-	200,000
Increase in stocks	1,631,517	-
Increase in debtors	2,132,078	-
Decrease in creditors	-	395,612
	<hr/>	<hr/>
	7,105,474	1,756,885
	<hr/>	<hr/>
(DECREASE)/INCREASE IN NET LIQUID FUNDS	(1,671,181) =====	1,422,831 =====

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

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

(b) Tangible fixed assets

Freehold land and buildings are shown at original historical cost or subsequent valuation as set out in note 6. 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.

Depreciation, calculated on cost (as reduced by investment grants) or on valuation, 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) Deferred 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 30th March 1984

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:

	1984 £	1983 £
Depreciation	945,935	916,466
Directors' emoluments:		
As directors	-	-
As executives	110,681	57,647
Charges for hire of plant and machinery	396,839	362,920
Audit fee	33,000	25,500
Interest on bank loans, overdrafts and other loans repayable within five years	462,236	418,399

The directors' emoluments (excluding pension contributions) were:

	1984 £	1983 £
The Chairman	-	-
The highest paid director	38,646	24,069

The other directors had emoluments within the indicated ranges

	1984 No.	1983 No.
£ 0 - £ 5,000	5	7
£20,000 - £25,000	-	1
£25,001 - £30,000	2	-

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION, continued

Information relating to employees is as follows:

	1984 £	1983 £
Employee costs during the year amounted to:		
Wages and salaries	11,868,000	10,835,000
Social security costs	1,228,000	1,098,000
Other pension costs	667,000	539,000
	<hr/>	<hr/>
	13,763,000	12,472,000
	=====	=====

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:

1984		1983	
Number Employed	Full-time Equivalent	Number Employed	Full-time Equivalent
2,917	1,983	2,936	2,031

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1984 £	1983 £
Payment from parent company in consideration for the surrender of taxation relief at 50% in respect of losses.	155,174	-
	=====	=====

The taxation charge for the year has been reduced as a result of current year timing differences and by £128,000 (1983 - £145,000) in respect of stock appreciation relief.

There are tax losses of approximately £924,000 (1983 - £1,164,000) available to be carried forward for relief against future trading income.

5. EXTRAORDINARY ITEM

	1984 £	1983 £
Reorganisation costs	93,057	100,000
	=====	=====

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

6. TANGIBLE FIXED ASSETS

(a) Movement in the year

	Land and Buildings			Plant	Total
	Freehold £	Long Lease £	Short Lease £	£	£
Cost or valuation					
At 1st April 1983	2,438,627	2,026,323	7,388	12,773,731	17,246,069
Additions	3,032	1,388	-	3,337,459	3,341,879
Disposals	-	-	-	(447,165)	(447,165)
Reclassification	(14,654)	(46,454)	93,819	(32,711)	-
At 30th March 1984	<u>2,427,005</u>	<u>1,981,257</u>	<u>101,207</u>	<u>15,631,314</u>	<u>20,140,783</u>
Accumulated depreciation					
At 1st April 1983	715,129	469,135	808	6,715,843	7,900,915
Charge	78,092	-	369	867,474	945,935
Disposals	-	-	-	(228,248)	(228,248)
Reclassification	(2,882)	(4,628)	7,510	-	-
At 30th March 1984	<u>790,339</u>	<u>464,507</u>	<u>8,687</u>	<u>7,355,069</u>	<u>8,618,602</u>
Net book value					
At 30th March 1984	<u>1,636,666</u>	<u>1,516,750</u>	<u>92,520</u>	<u>8,276,245</u>	<u>11,522,181</u>
At 1st April 1983	<u>1,723,498</u>	<u>1,557,188</u>	<u>6,580</u>	<u>6,057,888</u>	<u>9,345,154</u>

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

6. TANGIBLE FIXED ASSETS, continued

(b) Basis of valuation

Plant and leasehold properties are shown at cost. The valuation of freehold property is as follows:

	£
Directors' valuation at 30th March 1984	270,000
Cost	2,157,005
	<hr/>
	2,427,005
	=====

Comparable amounts of freehold property determined according to the historical cost convention are:

	£
Cost	2,713,503
Accumulated depreciation	(952,240)
	<hr/>
Net book value at 30th March 1984	1,761,263
	=====

(c) Assets in the course of construction

Included in the above are assets in the course of construction amounting to £1,896,000 which are not depreciated.

(d) Capital commitments

At 30th March 1984, the directors had authorised capital expenditure:

	1984 £	1983 £
- against which orders had been placed	768,000	790,000
- authorised but not committed	3,500,000	2,557,000
	<hr/>	<hr/>
	4,268,000	3,347,000
	=====	=====

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

7. STOCKS

	1984 £	1983 £
Raw materials and consumables	2,115,148	1,724,078
Work-in-progress	590,880	586,618
Finished goods and goods for resale	4,011,345	2,775,160
	<hr/>	<hr/>
	6,717,373	5,085,856
	=====	=====

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

8. DEBTORS

This includes:	1984 £	1983 £
Trade debtors		
Due within one year	5,681,500	4,313,172
Amounts owed by group companies	2,950,414	2,247,628
Other debtors	133,236	39,660
Prepayments	200,377	232,989
	<hr/>	<hr/>
	8,965,527	6,833,449
	=====	=====

9. BANK OVERDRAFT

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

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1984 £	1983 £
This heading includes:		
Taxation and social security	1,491,518	1,479,917
Accruals	246,540	260,991
Other creditors	1,055,403	975,500
	<hr/>	<hr/>
	2,793,461	2,716,408
	=====	=====

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 198411. CREDITORS: AMOUNTS FALLING DUE AFTER MORE
THAN ONE YEAR

	1984 £	1983 £
Development grants	294,449 =====	303,864 =====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1984 £	1983 £
Deferred taxation - Balance at 1st April	-	-
Transfer from profit and loss account - extraordinary item	725,000	-
	=====	=====
Balance at 30th March	725,000 =====	- =====

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

	1984		1983	
	Amount Provided £	Total Potential Tax £	Amount Provided £	Total Potential Tax £
Capital allowances in excess of depreciation	3,270,000	4,525,000	-	4,087,000
Other timing differences	-	26,000	-	26,000
Losses	(370,000)	(416,000)	-	(605,000)
	=====	=====	=====	=====
	2,900,000	4,135,000	-	3,508,000
Less unrelieved advance corporation tax	(2,175,000)	(2,435,000)	-	(700,000)
	=====	=====	=====	=====
	725,000	1,700,000	-	2,808,000

GEO. BASSETT & CO. LIMITEDNOTES TO THE ACCOUNTSYear ended 30th March 1984

13. CALLED UP SHARE CAPITAL

	1984 £	1983 £
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

Minimum rental commitments at 30th March 1984 were as follows in respect of finance and operating leases:

£

Year ending 31st March:

1985	486,000
1986	486,000
1987	227,000
1988	187,000
1989	181,000
Later years	174,000

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.