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GEO. BASSETT & CO. LIMITED

REPORT AND ACCOUNTS

31ST MARCH, 1989



THE BASSETT & CO. LIMITED
DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the 52 weeks ended 31st March, 1989.

ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Bassett Foods plc. On 3rd March, 1987 the whole of the issued share capital of Bassett Foods plc was acquired by Cadbury Schweppes PLC, a company incorporated in Great Britain. The directors regard Cadbury Schweppes PLC as the company's ultimate holding company.

ACTIVITY

The activity of the company is the manufacture, distribution and sale of confectionery.

RESULTS

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

DIVIDENDS

No dividend is recommended by the directors (1988 :£NIL).

DIRECTORS

The following were directors of the company throughout the period (except as otherwise stated):

H.B. Stokes	(Chairman) resigned	31.8.89
P. Ashmore		
K.C. Clow		
J.E. Cole		
J. Drumey	appointed	16.5.88
S.C. Sargent	resigned	19.5.89
P. A. Green	appointed	22.5.89

In accordance with the Articles of Association, Messrs. Drumey and Green retire at the Annual General Meeting being the first since their appointment, and being eligible, offer themselves for re-election.

None of the directors has an interest in the shares of the company. Mr. Stokes was a director of the immediate holding company, Bassett Foods plc, during the period, and his shareholding in Bassett Foods plc is disclosed in that company's accounts.

According to the register required to be kept by section 325 of the Companies Act 1985, the interests of the remaining directors in the 25p ordinary shares of Bassett Foods plc, at 31st March 1989 and 1st April 1988 were as follows:

	31.3.89 No.	1.4.88 No.
Fully paid - held beneficially:		
P. Ashmore	2,000	-
K.C. Clow	2,000	-
J.E. Cole	-	-
S.C. Sargent	-	-
J. Drumey	-	-

GEO. BASSETT & CO. LIMITED
DIRECTORS' REPORT

DIRECTORS, continued

	31.3.89 No.	1.4.88 No.
Bassett Foods plc 1982 Employee Profit Sharing Share Scheme - held beneficially:		
P. Ashmore	531	398
K.C. Clow	493	378
S.C. Sargent	186	83
J.E. Cole	203	-
J. Drumey	-	-

Options are held under the Bassett Foods plc 1986 Share Option Scheme to subscribe for ordinary shares as follows:

P. Ashmore	20,000
K.C. Clow	10,000
J.E. Cole	10,000
S.C. Sargent	10,000
J. Drumey	-

In accordance with Cadbury Schweppes' unconditional rights to acquire the entire share capital of Bassett Foods plc, directors' interests in the shares of Bassett Foods plc were subsequently relieved at the rate of 8 Cadbury Schweppes shares of 25p each for every 5 Bassett Foods ordinary shares of 20p held or 536p per share held.

FUTURE PROSPECTS

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

RESEARCH AND DEVELOPMENT

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

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

DONATIONS

During the year the company made no charitable donations (1988 - £NIL).

GEO. BASSETT & CO. LIMITED

DIRECTORS' REPORT

EMPLOYEES

The company recognises the importance of good communications with employees. This is achieved through a variety of means which include an in-house bulletin, consultative factory and staff councils, and formal and informal briefing groups. Applications for employment by disabled persons are always fully considered having regard to the particular aptitudes and abilities of applicants and the company's requirements. In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. The training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

CLOSE COMPANY STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988 and there has been no change in this respect since 31st March, 1989.

AUDITORS

During the year the company's previous auditors, Touche Ross & Co., resigned, and Coopers & Lybrand were appointed by the directors to fill the vacancy arising. A resolution to re-appoint Coopers & Lybrand will be proposed at the annual general meeting.

By order of the board

S. 

Secretary
29th November, 1989

REPORT OF THE AUDITORS TO THE MEMBERS

of

GEO. BASSETT & CO. LIMITED

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

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March, 1989 and of its profit and source and application of funds for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants

Sheffield
29th November, 1989

GEO. BASSETT & CO. LIMITED

PROFIT AND LOSS ACCOUNT

52 weeks ended 31st March, 1989

	Notes	<u>1989</u> £	<u>1988</u> £
Turnover	1	58,195,473	54,588,909
Cost of sales		(41,940,708)	(39,853,737)
Gross profit		16,254,765	14,735,172
Distribution costs		(11,248,130)	(9,966,009)
Administrative expenses		(2,395,011)	(2,567,257)
Operating profit		2,611,624	2,201,906
Interest payable	3	(591,488)	(389,607)
Profit on ordinary activities before taxation	2	2,020,136	1,812,299
Tax on profit on ordinary activities	6	(1,657,245)	(700,067)
Profit on ordinary activities after taxation retained		362,891	1,112,232
Profit and loss account brought forward		<u>10,609,813</u>	<u>9,497,581</u>
Profit and loss account carried forward		£10,972,704 =====	£10,609,813 =====

The notes on pages 8 to 14 form part of these accounts.


Auditors' report, page 4.

GEO. BASSETT & CO. LIMITED

BALANCE SHEET - 31st March, 1989

	Notes	<u>1989</u> £	<u>1988</u> £
FIXED ASSETS			
Tangible assets	7	13,066,417	12,373,843
CURRENT ASSETS			
Stocks	8	7,545,581	6,535,456
Debtors	9	6,892,653	6,789,193
Cash at bank and in hand		<u>6,583</u>	<u>4,908</u>
		<u>14,444,817</u>	<u>13,329,557</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft (unsecured)		(3,334,405)	(2,491,806)
Trade creditors		(5,410,188)	(4,997,613)
Amounts owed to group companies		(1,116,849)	(1,568,643)
Other creditors and accruals including taxation and social security	10	<u>(2,977,122)</u>	<u>(2,474,066)</u>
		<u>(12,838,564)</u>	<u>(11,532,128)</u>
NET CURRENT ASSETS		<u>1,606,253</u>	<u>1,797,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,672,670	14,171,272
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	11	(1,483,136)	(1,940,030)
PROVISIONS FOR LIABILITIES AND CHARGES			
	12	<u>(816,830)</u>	<u>(221,429)</u>
		£12,372,704	£12,009,813
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	13	1,400,000	1,400,000
Profit and loss account		<u>10,972,704</u>	<u>10,609,813</u>
		£12,372,704	£12,009,813
		=====	=====

These accounts were approved by the board on 29th November, 1989

)
) Directors

The notes on pages 8 to 14 form part of these accounts.

Auditors' report, page 4.

GEO. BASSETT & CO. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

52 weeks ended 31st March, 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,020,136	1,812,299
Adjustments for items not involving the movement of funds:		
Depreciation	1,453,038	1,231,033
Decrease in development grants	(6,894)	(6,894)
Loss on disposal of tangible fixed assets	<u>30,894</u>	<u>1,406</u>
Total generated from operations	3,497,174	3,037,844
Sale of tangible fixed assets	75,969	41,369
Decrease in debtors (excluding taxation)	-	755,661
Increase in creditors (excluding taxation)	<u>163,047</u>	<u>-</u>
	<u>3,736,190</u>	<u>3,834,874</u>
APPLICATION OF FUNDS		
Increase in debtors (excluding taxation)	103,460	-
Dividend paid	-	825,225
Corporation tax paid	150,243	119,262
Purchase of tangible fixed assets	2,252,475	2,481,259
Increase in stocks	1,010,125	421,866
Decrease in amounts owed to group companies (excluding group relief)	1,060,811	652,729
Decrease in creditors (excluding taxation)	<u>-</u>	<u>201,860</u>
	<u>4,577,114</u>	<u>4,702,201</u>
DECREASE IN NET LIQUID FUNDS	<u>£(840,924)</u> =====	<u>£(867,327)</u> =====

(Net liquid funds comprise cash and bank balances less bank overdrafts).

Auditors' report, page 4.

GEO. BASSETT & CO. LIMITED

ACCOUNTING POLICIES

52 weeks ended 31st March, 1989

Accounting convention

The accounts are prepared under the historical cost convention.

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%

Freehold land is not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and comprises materials, direct labour and appropriate production overheads. Provision is made where necessary for obsolete, slow moving or defective stocks.

Deferred taxation

Provision is made for deferred taxation under the liability method on all timing differences, except to the extent that any deferral of tax may reasonably be expected to continue for the foreseeable future.

Research and development expenditure

Research and development expenses are charged against revenue in the period in which they are incurred.

Pension costs

It is the policy of the company to fund pension liabilities by payments into the Bassett Foods Pension and Life Assurance Scheme. Payments made to the trustees comprise current and past service contributions, and are charged in the accounts as they fall due.

Operating leases

The annual costs in respect of operating leases are charged to the profit and loss account.

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

1. TURNOVER

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1989</u>	<u>1988</u>
	£	£
Depreciation	1,453,038	1,231,033
Directors' emoluments (including pension contributions):		
For management	230,152	183,111
Operating lease rentals:		
hire of plant and machinery	53,525	152,343
property	159,000	159,000
Auditors' remuneration	31,200	30,000
	=====	=====

3. INTEREST PAYABLE

	<u>1989</u>	<u>1988</u>
	£	£
Interest on bank overdraft	591,488	389,607
	=====	=====

4. EMPLOYEES AND EMOLUMENTS

Information relating to employees (including executive directors) is as follows:

	<u>1989</u>	<u>1988</u>
	£	£
Employee costs during the period amounted to:		
Wages and salaries	12,713,288	12,360,318
Social Security costs	886,602	854,644
Other pension costs	<u>394,488</u>	<u>383,130</u>
	£13,994,378	£13,598,092
	=====	=====

Employee emoluments falling within the ranges:

	<u>No.</u>	<u>No.</u>
£30,001 - £35,000	3	3
£35,001 - £40,000	1	-

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

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

<u>1989</u>		<u>1988</u>	
<u>Number</u> <u>Employed</u>	<u>Full-time</u> <u>Equivalent</u>	<u>Number</u> <u>Employed</u>	<u>Full-time</u> <u>Equivalent</u>
2,194	1,472	2,041	1,404
=====	=====	=====	=====

5. DIRECTORS' REMUNERATION

The directors' emoluments (excluding pension contributions) were:

	<u>1989</u>	<u>1988</u>
	£	£
The Chairman	-	-
The highest paid director	50,593	46,689
The other directors had emoluments within the indicated ranges:	Number	Number
£0 - £5,000	-	1
£35,001 - £40,000	-	2
£40,001 - £45,000	4	1

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
	£	£
Corporation tax at 35% (1988 - 35%) based on the profit for the period	1,112,926	655,781
Deferred taxation provided	<u>230,742</u>	<u>44,286</u>
	1,343,668	700,067
Prior year underprovision	313,577	-
	<u>£1,657,245</u>	<u>£700,067</u>
	=====	=====

The taxation charge for the period has been computed on the basis that certain capital allowances are to be disclaimed in respect of the current year and the previous year. This has resulted in a prior year underprovision of corporation tax and, furthermore, the tax charge has been increased by approximately £632,000 as a result of the consequent effect upon timing differences and deferred taxation.

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

7. TANGIBLE FIXED ASSETS

a) Movement in the period

	<u>Land & Buildings</u> £	<u>Plant & Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>			
At 2nd April 1988	4,420,557	16,255,824	20,676,381
Additions	102,343	2,150,132	2,252,475
Disposals	-	(599,966)	(599,966)
Reclassification	56,211	(56,211)	-

At 31st March 1989	4,579,111	17,749,779	22,328,890
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Depreciation

At 2nd April 1988	1,245,093	7,057,445	8,302,538
Charge for the period	90,691	1,362,347	1,453,038
Disposals	-	(493,103)	(493,103)

At 31st March 1989	1,335,784	7,926,689	9,262,473
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Net book value

At 31st March 1989	3,243,327	9,823,090	13,066,417
	=====	=====	=====

At 1st April 1988	3,175,464	9,198,379	12,373,843
	=====	=====	=====

Land and buildings comprise:

	£
Freehold properties	1,423,109
Properties held on long lease	1,815,424
Properties held on short lease	4,794
	=====
	3,243,327
	=====

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

7. TANGIBLE FIXED ASSETS, continued

b) Assets in the course of construction

Included in the above is expenditure on plant in the course of construction amounting to £467,534 upon which no provision for depreciation has been made.

c) Capital commitments

At 31st March, 1989, the directors had authorised capital expenditure:

	<u>1989</u>	<u>1988</u>
	£	£
- against which orders had been placed	278,826	160,893
- authorised but not committed	<u>160,681</u>	<u>185,439</u>
	£439,507	£346,332
	=====	=====

8. STOCKS

	<u>1989</u>	<u>1988</u>
	£	£
Raw materials and consumables	2,026,326	1,751,285
Work-in-progress	729,626	738,968
Finished goods and goods for resale	<u>4,789,629</u>	<u>4,045,203</u>
	£7,545,581	£6,535,456
	=====	=====

In the opinion of the directors, there was no material difference between the balance sheet value of stocks and their estimated replacement cost at the balance sheet dates.

9. DEBTORS

	<u>1989</u>	<u>1988</u>
	£	£
Trade debtors	5,649,889	5,474,378
Amounts owed by group companies	1,011,246	1,007,486
Prepayments	139,538	181,466
Other debtors	<u>91,980</u>	<u>125,863</u>
	£6,892,653	£6,789,193
	=====	=====

All the above amounts are due within one year.

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

10. OTHER CREDITORS AND ACCRUALS INCLUDING
TAXATION AND SOCIAL SECURITY

	<u>1989</u>	<u>1988</u>
	£	£
Corporation tax	452,827	150,243
Social security and PAYE	364,189	370,290
Value Added Tax	1,141,513	998,964
Other creditors	628,898	570,154
Accruals	<u>389,695</u>	<u>384,415</u>
	2,977,122	2,474,066
	=====	=====

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

	<u>1989</u>	<u>1988</u>
	£	£
Development grants	237,891	244,785
Amounts due to group companies	<u>1,245,245</u>	<u>1,695,245</u>
	1,483,136	1,940,030
	=====	=====

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1989</u>
	£
Deferred taxation:	
Balance at 1st April 1988	221,429
Profit and loss account	230,742
Advance corporation tax	<u>364,659</u>
Balance at 31st March 1989	816,830
	=====

The amounts provided and unprovided for deferred tax are:

	<u>1989</u>		<u>1988</u>	
	Amount <u>Provided</u>	Amount <u>Unprovided</u>	Amount <u>Provided</u>	Amount <u>Unprovided</u>
	£	£	£	£
Capital allowances in excess of depreciation	816,830	1,271,970	586,088	2,248,912
Unrelieved advance corporation tax	<u>—</u>	<u>—</u>	<u>(364,659)</u>	<u>(714,450)</u>
	816,830	1,271,970	221,429	1,534,462
	=====	=====	=====	=====

GEO. BASSETT & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

13. CALLED UP SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Ordinary shares of £1 each: authorised, allotted and fully paid.	1,400,000 =====	1,400,000 =====

14. LEASE COMMITMENTS

Commitments in the next year under operating leases are:

	<u>Lease expiring</u>	<u>£</u>
Plant and vehicles	Within 2-5 years	16,976
Property	Over five years	159,000

Property rentals are subject to review at various intervals specified in the leases.

15. CONTINGENT LIABILITIES

The company has guaranteed certain group bank overdrafts and borrowings in Great Britain, amounting to £4,427,787.

16. ULTIMATE HOLDING COMPANY

The company regards Bassett Foods plc as its immediate holding company and its ultimate holding company as Cadbury Schweppes PLC, both of which are incorporated in Great Britain.

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