

Walker & Son (Leicester) Limited

Directors' report and financial statements

30 December 1995

Registered number 988978



Walker & Son (Leicester) Limited

Directors' report and financial statements

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Walker & Son (Leicester) Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 December 1995.

Principal activities

The company's business is that of manufacturers, retailers and wholesalers of pork and other meat products.

Business review

Walkers enjoyed a 30% increase in sales, but with substantial increases in pork costs and costs associated with increasing ham and sausage capacity, the trading profit was only slightly higher than previous year. 1996 has started slowly and the BSE scare will have an effect on the whole meat industry.

Results

	£
Profit for the period before taxation	2,488,432
Taxation	(709,596)
	<hr/>
Profit on ordinary activities after taxation	1,778,836
Retained profit brought forward	5,629,713
	<hr/>
Retained profit carried forward	7,408,549
	<hr/>

The directors do not recommend the payment of dividend.

Tangible fixed assets

Movements in the tangible fixed assets of the company are shown in note 8 to the accounts.

Directors and directors' interests

The directors who held office during the period were as follows:

DC Samworth (Chairman)
GB Aldwinckle
J Cox
P Harris
DP Kearney
NJ Freer (resigned 5 March 1995)
B Stein (appointed 18 September 1995)

None of the directors who held office at the end of the financial period had any disclosable beneficial interest in the shares of the company.

Walker & Son (Leicester) Limited

Directors' report

Employees

During the financial period the company has continued its policy of communication, consultation and involvement, whereby information is provided to employees on matters which concern them and employees are consulted to obtain their views on matters which affect their interests.

The company encourages the involvement of the employees in the company's performance by operating an approved profit related pay scheme in which all permanent employees are eligible to participate.

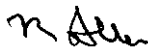
The policy of the company regarding the employment of disabled persons is as follows:

- a) Full and fair consideration is given to disabled applicants for employment at all levels within the company.
- b) If an existing employee were to become disabled every effort would be made to continue to provide suitable employment in the same or in an alternative job.
- c) Disabled persons may share in the opportunities for training, career development and promotion that are available to all employees within the company.

Auditors

In accordance with Section 385 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



M Allen
Secretary

Charnwood Bakery
Madeline Road
Burson Industrial Estate
Beaumont Leys
Leicester
LE4 1EX

7 March 1996

Walker & Son (Leicester) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 judgements 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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.



1 Waterloo Way
Leicester
LE1 6LP

Auditors' report to the members of Walker & Son (Leicester) Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 the company's affairs as at 30 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

7 May 1996.

Walker & Son (Leicester) Limited

Profit and loss account for the 52 week period ended 30 December 1995

	Note	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Turnover	1	37,919,001	29,105,761
Cost of sales		<u>(29,707,919)</u>	<u>(21,369,006)</u>
Gross profit		8,211,082	7,736,755
Distribution costs		(2,295,991)	(2,050,860)
Administrative expenses		<u>(2,192,659)</u>	<u>(1,988,954)</u>
Trading profit		3,722,432	3,696,941
Interest payable and similar charges	5	<u>(1,234,000)</u>	<u>(1,045,000)</u>
Profit on ordinary activities before taxation	2-4	2,488,432	2,651,941
Tax charge on profit on ordinary activities	7	<u>(709,596)</u>	<u>(829,278)</u>
Profit on ordinary activities after taxation for the financial period		1,778,836	1,822,663
Dividend		-	-
Retained profit for the financial period		1,778,836	1,822,663
Retained profit brought forward		<u>5,629,713</u>	<u>3,807,050</u>
Retained profit carried forward		<u>7,408,549</u>	<u>5,629,713</u>

The company had no recognised gains or losses other than the profit for the period.

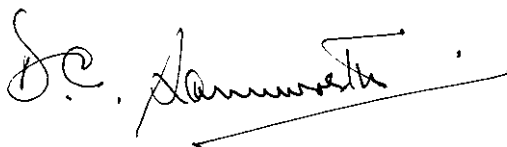
Walker & Son (Leicester) Limited

Balance sheet at 30 December 1995

	Notes	30 December 1995		31 December 1994	
		£	£	£	£
Fixed assets					
Tangible assets	8		12,012,658		10,287,158
Current assets					
Stocks	9	1,342,853		1,047,261	
Debtors	10	4,740,557		4,000,119	
Cash at bank and in hand		1,376,225		3,250	
		<u>7,459,635</u>		<u>5,050,630</u>	
Creditors: amounts falling due within one year	11	<u>(6,738,324)</u>		<u>(4,560,896)</u>	
Net current assets			<u>721,311</u>		<u>489,734</u>
Total assets less current liabilities			<u>12,733,969</u>		<u>10,776,892</u>
Creditors: amounts falling due after more than one year	12		<u>(5,195,720)</u>		<u>(4,987,479)</u>
Provisions for liabilities and charges	13		<u>-</u>		<u>(30,000)</u>
Net assets			<u>7,538,249</u>		<u>5,759,413</u>
Capital and reserves					
Called up share capital	14	40,000		40,000	
Share premium account		89,700		89,700	
Profit and loss account		7,408,549		5,629,713	
		<u>7,538,249</u>		<u>5,759,413</u>	

These financial statements were approved by the board of directors on 7 March 1996 and were signed on its behalf by:

DC Samworth
Director



Walker & Son (Leicester) Limited

Cash flow statement

for the 52 week period ended 30 December 1995

	Note	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Net cash inflow from operating activities	16	5,854,178	4,214,881
Return on investments and servicing of finance			
Interest paid	5	<u>(1,234,000)</u>	<u>(1,045,000)</u>
Net cash outflow from returns on investment and servicing of finance		(1,234,000)	(1,045,000)
Taxation			
UK corporation tax paid		(284,241)	(1,242)
Group relief paid		<u>(235,239)</u>	<u>(564,881)</u>
Tax paid		(519,480)	(566,123)
Investing activities			
Purchase of tangible fixed assets	8	(3,103,452)	(1,099,274)
Sale of tangible fixed assets		<u>60,256</u>	<u>38,083</u>
Net cash outflow from investing activities		<u>(3,043,196)</u>	<u>(1,061,191)</u>
Net cash inflow before financing		<u>1,057,502</u>	<u>1,542,567</u>
Financing			
Increase/(decrease) in group creditor	17	<u>509,072</u>	<u>(2,284,011)</u>
Net cash inflow/(outflow) from financing		<u>509,072</u>	<u>(2,284,011)</u>
Increase/(decrease) in cash and cash equivalents	18	<u>1,566,574</u>	<u>(741,444)</u>

Walker & Son (Leicester) Limited

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.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold buildings	-	Estimated useful economic life of 25 years
Short leasehold properties	-	Over the period of the lease
Factory, shop and office equipment	-	14.3 % per annum on cost
Motor vehicles	-	25 % per annum on cost

Leases

Where the company enters into a hire purchase agreement which entails taking substantially all the risks and rewards of ownership of an asset, the asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the agreement, whichever is shorter. Future instalments under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Pension costs

Contributions to the pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company.

Walker & Son (Leicester) Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period 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.

Turnover

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

2 Profit on ordinary activities before taxation

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit	11,400	10,800
- non audit	18,127	16,340
Depreciation and other amounts written off tangible fixed assets	1,306,894	1,067,717
Hire of vans and lorries - rentals payable under operating leases	43,072	63,730
Rental costs of leased properties	311,287	304,850

Walker & Son (Leicester) Limited

Notes (continued)

3 Remuneration of directors

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Directors' emoluments:		
As directors	325,472	362,541
Compensation for loss of office	100,608	-
	<u>426,080</u>	<u>362,541</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (31 December 1994 : £Nil) and those of the highest paid director were £81,293 (31 December 1994 : £103,233).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	52 week period ended 30 December 1995	Number of directors 52 week period ended 31 December 1994
£0 - £ 5,000	2	2
£ 5,001 - £10,000	-	1
£15,001 - £20,000	1	-
£30,001 - £35,000	1	-
£70,001 - £75,000	-	3
£75,001 - £80,000	2	-
£80,001 - £85,000	1	-
£100,001 - £100,005	-	1

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	52 week period ended 30 December 1995	Number of employees 52 week period ended 31 December 1994
Shops	85	91
Factory	365	301
Administration	49	40
	<u>499</u>	<u>432</u>

Walker & Son (Leicester) Limited

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Wages and salaries	8,304,058	7,312,836
Social security costs	669,218	538,805
Other pension costs	283,909	287,031
	<u>9,257,185</u>	<u>8,138,672</u>

5 Interest payable and similar charges

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
On group loans	1,234,000	1,045,000
Finance charges payable in respect of hire purchase contracts	-	-
	<u>1,234,000</u>	<u>1,045,000</u>

6 Pension Scheme

The company is a member of the Samworth Brothers Limited Superannuation Scheme which provides benefits for the majority of employees, based on final pensionable pay. The scheme's funds are administered by trustees and are independent of the group's finances. Contributions are based on pension costs across the group as a whole and are paid to the scheme in accordance with the recommendations of independent actuaries, and are charged against profits in the year in which contributions are made. Further details of the most recent actuarial valuation at 5 April 1993 and the main assumptions are disclosed in the accounts of the holding company, Samworth Brothers Limited.

Walker & Son (Leicester) Limited

Notes (continued)

7 Taxation

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
UK corporation tax at 33% (1994 : 33%) on the profit for the period on ordinary activities	754,831	853,781
Adjustment to prior years	(15,235)	135,497
Deferred tax	(30,000)	(160,000)
	<u>709,596</u>	<u>829,278</u>

The charge for taxation for the period has been reduced by £30,000 (31 December 1994 : £34,360), being the effects of accelerated capital allowances not equalised.

8 Tangible fixed assets

	Long leasehold properties £	Properties on short lease £	Factory, shop and office equipment and motor vehicles £	Total £
Cost				
At beginning of period	7,547,765	993,015	5,849,622	14,390,402
Additions	1,292	3,400	3,098,760	3,103,452
Disposals	-	-	(862,190)	(862,190)
Transfers	4,428	(4,428)	-	-
	<u>7,553,485</u>	<u>991,987</u>	<u>8,086,192</u>	<u>16,631,664</u>
At end of period				
Depreciation and diminution in value				
At beginning of period	777,702	291,757	3,033,785	4,103,244
Charge for period	303,980	51,565	951,349	1,306,894
On disposals	-	-	(791,132)	(791,132)
	<u>1,081,682</u>	<u>343,322</u>	<u>3,194,002</u>	<u>4,619,006</u>
At end of period				
Net book value				
At 30 December 1995	<u>6,471,803</u>	<u>648,665</u>	<u>4,892,190</u>	<u>12,012,658</u>
At 31 December 1994	<u>6,770,063</u>	<u>701,258</u>	<u>2,815,837</u>	<u>10,287,158</u>

Walker & Son (Leicester) Limited

Notes (continued)

8 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	30 December 1995 £	31 December 1994 £
Long leasehold	6,471,803	6,770,063
Short leasehold	648,665	701,258
	<u>7,120,468</u>	<u>7,471,321</u>

9 Stocks

	30 December 1995 £	31 December 1994 £
Raw materials and consumables	950,461	859,361
Finished goods and goods for resale	392,392	187,900
	<u>1,342,853</u>	<u>1,047,261</u>

10 Debtors

	30 December 1995 £	31 December 1994 £
Trade debtors	3,815,272	3,400,746
Amounts owed by group undertakings	164,410	78,702
Other debtors	260,312	249,805
VAT recoverable	500,563	160,249
Corporation tax recoverable	-	110,617
	<u>4,740,557</u>	<u>4,000,119</u>

Walker & Son (Leicester) Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	30 December 1995		31 December 1994	
	£	£	£	£
Bank loans and overdrafts		-		193,599
Trade creditors		3,320,997		1,789,281
Amounts owed to group undertakings		1,080,631		464,737
		<u> </u>		<u> </u>
Other creditors including taxation and social security:		4,401,628		2,447,617
Corporation tax	753,925		853,781	
Other taxes and social security	304,042		205,107	
	<u> </u>		<u> </u>	
Taxation and social security	1,057,967		1,058,888	
Other creditors	392,536		307,286	
	<u> </u>	1,450,503	<u> </u>	1,366,174
Accruals		886,193		747,105
		<u> </u>		<u> </u>
		6,738,324		4,560,896
		<u> </u>		<u> </u>

12 Creditors: amounts falling due after more than one year

	30 December 1995	31 December 1994
	£	£
Amounts owed to group undertakings	5,195,720	4,987,479
	<u> </u>	<u> </u>

Interest on the parent company loan has been charged at 11.5% (1994 : 11%) on the average balance of fixed assets and stock during the period. No repayment terms have been agreed.

Walker & Son (Leicester) Limited

Notes (continued)

13 Provisions for liabilities and charges

	Deferred taxation £
At beginning of period	30,000
Credit for the period in the profit and loss account	(30,000)
At end of period	-

The amounts provided for deferred taxation and the amounts not provided are set out below:

	30 December 1995		31 December 1994	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances	-	1,304,877	30,000	1,245,000
	-	1,304,877	30,000	1,245,000

14 Called up share capital

	30 December 1995 £	31 December 1994 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	40,000	40,000

15 Reconciliation of movements in shareholders' funds

	30 December 1995 £	31 December 1994 £
Opening shareholders' funds	5,759,413	3,936,750
Profit for the year retained	1,778,836	1,822,663
Closing shareholders' funds	7,538,249	5,759,413

Walker & Son (Leicester) Limited

Notes (continued)

16 Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Operating profit	3,722,432	3,696,941
Depreciation charge	1,306,894	1,067,717
Loss/(profit) on sale of tangible fixed assets	10,802	(5,327)
Increase in stocks	(295,592)	(258,389)
Increase in debtors	(740,438)	(1,279,085)
Increase in creditors	1,850,080	993,024
	<u>5,854,178</u>	<u>4,214,881</u>
Net cash inflow from operating activities		

17 Analysis of changes in financing during the period

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Balance at beginning of the period	4,838,639	7,122,650
Changes in group balances	509,072	(2,284,011)
	<u>5,347,711</u>	<u>4,838,639</u>

18 Analysis of changes in cash and cash equivalents during the period

	52 week period ended 30 December 1995 £	52 week period ended 31 December 1994 £
Balance at beginning of the period	(190,349)	551,095
Net cash inflow/(outflow)	1,566,574	(741,444)
	<u>1,376,225</u>	<u>(190,349)</u>
Balance at end of the period		

Walker & Son (Leicester) Limited

Notes(continued)

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	30 December 1995 £	31 December 1994 £	Change in period £	1 January 1994 £	Change in period £
Cash at bank and in hand	1,376,225	3,250	1,372,975	551,095	(547,845)
Bank overdraft	-	(193,599)	193,599	-	(193,599)
	<u>1,376,225</u>	<u>(190,349)</u>	<u>1,566,574</u>	<u>551,095</u>	<u>(741,444)</u>

20 Contingent liabilities

The company is party to multilateral guarantees covering the bank borrowings and certain hire purchase agreements of group companies.

21 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made were as follows:

	30 December 1995 £	31 December 1994 £
Authorised	108,900	-
Contracted	<u>-</u>	<u>383,310</u>

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

	30 December 1995 Land and buildings £	31 December 1994 Land and buildings £
Operating leases which expire in more than five years	<u>327,600</u>	<u>304,850</u>

The leases of shop premises and of certain factory buildings are subject to rent review.

22 Ultimate holding company

The company is a subsidiary undertaking of Samworth Brothers Ltd incorporated in Great Britain and registered in England and Wales.

Group accounts, prepared by the ultimate holding company are available from the registered office of Samworth Brothers Limited, Madeline Road, Beaumont Leys, Leicester LE4 1EX.