

**SMEDLEY'S Limited**

**Directors' report and financial statements**

31 December 1997

Registered number 1081647



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6 -8

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

### Principal activities and business review

The company did not trade during the year.

### Directors and directors' interests

Details of the directors who held office during the year and particulars of directors' shareholdings and family interests as defined by the Companies Act 1985 in the ultimate parent company, Hillsdown Holdings plc, are as follows:

	Options		Ordinary shares of 10p each	
	31/12/97	1/1/97	31/12/97	1/1/97
E.T.S.Simpson (resigned 1 September 1998)	50,000	70,000	27,490	26,020
B.T.Hunt (resigned 1 April 1997)	N/A	100,000	N/A	1,733
JE Nichols	160,152	130,152	24,590	-

None of the directors had any beneficial interest in the company's shares.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

SP Mackee  
Secretary



Date 8 September 1998

## **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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 Audit Plc

37 Hills Road  
Cambridge  
CB2 1XL

## **Report of the auditors to the members of Smedley's Limited**

We have audited the financial statements on pages 4 to 8.

### **Respective responsibilities of directors and auditors**

As described on page 2 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 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

Date

20/10/98

## **Profit and loss account**

*for the year ended 31 December 1997*

	<i>Note</i>	<b>1997</b> <b>£000</b>	1996 £000
<b>Exceptional Item</b>			
Provision for loss on disposal of subsidiaries		-	(33)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	(33)
<b>Taxation</b>		-	-
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		-	(33)
<b>Dividends paid</b>		-	(4,383)
		<hr/>	<hr/>
<b>LOSS TRANSFERRED TO RESERVES</b>		-	(4,416)
<b>Balance brought forward</b>		-	4,416
		<hr/>	<hr/>
<b>Retained profit for the financial year</b>		<hr/> <hr/>	<hr/> <hr/>

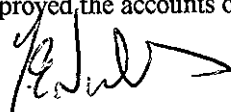
There are no recognised gains or losses other than those passing through the profit and loss account.

The profit and loss account is wholly in respect of discontinued activities.

**Balance sheet**  
*at 31 December 1997*

	<i>Note</i>	<b>1997</b> <b>£000</b>	<b>1996</b> <b>£000</b>	<b>£000</b>
<b>CURRENT ASSETS</b>				
Debtors	4	29,723	29,723	
Creditors: amounts falling due within one year	5	(14,064)	(14,064)	
<b>NET CURRENT ASSETS</b>			15,659	15,659
Creditors : Amounts falling due after more than one year	6		(7,000)	(7,000)
<b>NET ASSETS</b>			8,659	8,659
<b>Capital and reserves</b>				
Called up share capital	7	5,159	5,159	
Other Reserve	8	3,500	3,500	
<b>SHAREHOLDERS FUNDS</b>	9		8,659	8,659

Signed on behalf of the board of directors  
 who approved the accounts on 8 September 1998



**JE Nichols** - *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, modified to include the revaluation of certain land and buildings.

#### ***Related party transactions***

The company is a wholly owned subsidiary and has taken advantage of the exemptions conferred by Financial Reporting Standard No. 8 from the requirement to disclose transactions with other group companies which are eliminated on consolidations.

### **2     **Profit and loss account****

The Company has received no income nor incurred expenditure in its own right and made neither a profit nor a loss during the current year.

No other recognised gains or losses arose in the current or preceding years.

### **3     **Taxation****

No corporation tax arises on the results for the year (1996: £Nil).

### **4     **Debtors****

	1997 £000	1996 £000
Amount owed by parent and fellow subsidiary undertakings	29,723	29,723
	<hr/>	<hr/>



Notes (continued)

**5 Creditors: amounts falling due within one year**

	1997 £000	1996 £000
Amounts owed to parent company.	14,064	14,064
	<hr/>	<hr/>

**6 Creditors: amounts falling due after more than one year**

	1997 £000	1996 £000
5 % Convertible loan stock, repayable 2011.	7,000	7,000
	<hr/>	<hr/>

**7. Share Capital**

	1997 £000	1996 £000
<i>Authorised</i> 15,000,000 Ordinary shares of £1 each	15,000	15,000
	<hr/>	<hr/>
<i>Allotted, issued and fully paid</i> 5,159,400 Ordinary shares of £1 each	5,159	5,159
	<hr/>	<hr/>

**8. Reconciliation of movements in shareholders funds**

	1997 £000	1996 £000
Profit for the financial year	-	(33)
Dividends	-	(4,383)
	<hr/>	<hr/>
Net reduction to shareholders funds	-	(4,416)
Opening shareholders' funds	8,659	13,075
	<hr/>	<hr/>
Closing shareholders funds	8,659	8,659
	<hr/>	<hr/>

**Notes (continued)**

**9. Ultimate holding company**

The immediate parent company and controlling party is Hillsdown Ambient Foods Group Limited a company incorporated in England and Wales.

The ultimate parent company and controlling party is Hillsdown Holdings plc, a company incorporated in England and Wales.

The only undertaking in which the company's accounts are consolidated is Hillsdown Holdings plc. Copies of the financial statements of Hillsdown Holdings plc can be obtained from Hillsdown House, 32 Hampstead High Street, London NW3 1QD.