

**The Sweet Factory (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 2400769**

**31 December 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the 14 months ended 31 December 1999.

### Principal activities

The company's principal activity during the year comprised the retailing of confectionery, ice-cream and related products.

### Purchase of company by Hancocks Holdings Limited

On 20 July 1999, the entire share capital of the company was purchased by Hancocks Holdings Limited. The company then purchased from its previous parent company, The Sweet Factory (International) Limited, the licence to conduct business in Great Britain, along with various other tangible assets, stock and prepayments.

### Results and dividends

The loss for the period amounted to £27,794 (1998 loss of £15,565).

### Significant changes in fixed assets

The directors do not consider that there is any significant difference between the market value and net book value of the company's tangible fixed assets. Movements in fixed assets are detailed in notes 6 and 7 to the financial statements.

### Directors and directors' interests

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

CA Adams	(resigned 20 July 1999)
AG Horton	(resigned 31 March 1999)
A Rainsbury	(resigned 20 July 1999)
AD Hancock	(appointed 20 July 1999)
AP Hancock	(appointed 20 July 1999)
A Wheldon	(appointed 20 July 1999)
MA Watson	(appointed 20 July 1999)
RJ Brittle	(appointed 20 July 1999)
SAB McDonald	(appointed 20 July 1999)
S Johnson	(appointed 8 November 1999)

Directors' interests in the share capital of group companies are disclosed in the accounts of the ultimate parent undertaking, Hancocks Holdings Limited.

## **Directors' report** *(continued)*

### **Year 2000**

The company to date has not experienced any Year 2000 problems although it continues to monitor for the impact of any Year 2000 related events, and will continue to do so for the foreseeable future.

### **Charitable donations**

During the period, the company made no donations.

### **Disabled persons**

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Currently no registered disabled persons are employed by 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



**A Wheldon**  
*Secretary*

25 Jubilee Drive  
Loughborough  
Leicestershire  
LE11 5TX

## 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 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 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.



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## **Auditors' report to the members of The Sweet Factory (UK) Limited**

We have audited the financial statements on pages 5 to 13.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### ***Basis of audit 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 1999 and of its loss for the 14 months then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants  
Registered Auditors*

29 September 2000

**Profit and loss account**  
*for the 14 months ended 31 December 1999*

	<i>Note</i>	<b>14 months ended 31 December 1999 £</b>	<b>12 months ended 31 October 1998 £</b>
<b>Turnover</b>	<i>1</i>	<b>555,491</b>	<b>382,382</b>
<b>Cost of sales</b>		<b>(211,918)</b>	<b>(395,251)</b>
<b>Gross profit/(loss)</b>		<b>343,573</b>	<b>(12,867)</b>
Administrative and other operating costs		<b>(382,774)</b>	<b>(2,698)</b>
Other operating income		<b>11,407</b>	<b>-</b>
<b>Operating loss on ordinary activities before taxation</b>	<i>2</i>	<b>(27,794)</b>	<b>(15,565)</b>
Tax on loss on ordinary activities	<i>5</i>	<b>-</b>	<b>-</b>
<b>Loss on ordinary activities after taxation</b>		<b>(27,794)</b>	<b>(15,565)</b>

The company had no recognised gains or losses other than the loss for the period. All activities are continuing.

**Balance sheet**  
 at 31 December 1999

	Note	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	6		239,500		-
Tangible assets	7		201,082		46,022
			<hr/>		<hr/>
			440,582		46,022
<b>Current assets</b>					
Stocks	8	62,722		17,834	
Debtors	9	59,630		19,008	
Cash at bank and in hand		90,749		102	
		<hr/>		<hr/>	
		213,101		36,944	
<b>Creditors: amounts falling due within one year</b>	10	(623,640)		(25,129)	
		<hr/>		<hr/>	
<b>Net current (liabilities)/assets</b>			(410,539)		11,815
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			30,043		57,837
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	11		421,002		421,002
Profit and loss account			(390,959)		(363,165)
			<hr/>		<hr/>
<b>Equity shareholders funds</b>	12		30,043		57,837
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 29 September 2000 and were signed on its behalf by:

**AD Hancock**  
 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. The financial statements have been prepared on a going concern basis despite the existence of net current liabilities.

#### *Intangible fixed assets and amortisation*

Intangible fixed assets purchased separately from a business are capitalised at their cost.

The licence purchased by the company is amortised to nil by equal annual instalments over its useful economic life of 10 years.

#### *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:

Leasehold buildings	-	5 years
Plant, machinery, fixtures and fittings	-	5 years

No depreciation is provided on freehold land and buildings.

#### *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 FIFO method is used.

#### *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 and services to customers during the year.

**Notes** (continued)

**2 Loss on ordinary activities before taxation**

	<b>14 months ended 31 December 1999 £</b>	<b>12 months ended 31 October 1998 £</b>
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	-	2,000
Depreciation	23,658	11,471
Hire of other assets - operating leases	48,158	61,500
	<u>          </u>	<u>          </u>

**3 Remuneration of directors**

	<b>14 months ended 31 December 1999 £</b>	<b>12 months ended 31 October 1998 £</b>
Directors emoluments	11,159	-
	<u>          </u>	<u>          </u>

**Notes** (continued)

**4 Staff numbers**

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

14 months ended 31 December 1999	12 months ended 31 October 1998
Number of employees	
12	11
<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	14 months ended 31 December 1999 £	12 months ended 31 October 1998 £
Wages and salaries	167,756	88,892
Social security costs	11,019	6,139
	<hr/>	<hr/>
	178,775	95,031
	<hr/>	<hr/>

**5 Taxation**

	14 months ended 31 December 1999 £	12 months ended 31 October 1998 £
UK corporation tax at 30% (1998 : 31%) on the loss for the year on ordinary activities	-	-
	<hr/>	<hr/>

**Notes** (continued)

**6 Intangible fixed assets**

	<b>Licence</b> £
<b>Cost</b>	
At beginning of period	-
Additions	250,000
Disposals	-
	<hr/>
At end of period	250,000
	<hr/>
<b>Depreciation</b>	
At beginning of period	-
Charge for year	10,500
	<hr/>
At end of period	10,500
	<hr/>
<b>Net book value</b>	
At 31 December 1999	239,500
	<hr/> <hr/>
At 1 November 1998	-
	<hr/> <hr/>

**7 Tangible fixed assets**

	<b>Leasehold land and buildings</b> £	<b>Plant and machinery</b> £	<b>Fixtures and fittings</b> £	<b>Total</b> £
<b>Cost</b>				
At beginning of period	2,416	16,561	122,392	141,369
Additions	3,153	172,671	7,390	183,214
Disposals	(2,416)	(3,000)	-	(5,416)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	3,153	186,232	129,782	319,167
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of period	920	7,416	87,011	95,347
Charge for period	49	1,241	22,368	23,658
On disposals	(920)	-	-	(920)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	49	8,657	109,379	118,085
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 1999	3,104	177,575	20,403	201,082
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 November 1998	1,496	9,145	35,381	46,022
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**8 Stocks**

	1999 £	1998 £
Finished goods	62,722	17,834

The replacement cost of stocks does not exceed the balance sheet value by a material amount.

**9 Debtors**

	1999 £	1998 £
Prepayments and accrued income	59,630	19,008

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

	1999 £	1998 £
Trade creditors	22,533	-
Amount owed to group undertakings	524,222	23,129
Other taxes and social security	9,119	-
Other creditors	31,064	-
Accruals and deferred income	36,702	2,000
	<u>623,640</u>	<u>25,129</u>

**Notes** *(continued)*

**11 Called up share capital**

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	421,002	421,002
	<hr/>	<hr/>

**12 Reconciliation of movements in equity shareholders' funds**

	1999 £	1998 £
Loss for the period	(27,794)	(15,565)
Opening shareholders' funds	57,837	73,402
	<hr/>	<hr/>
Closing shareholders' funds	30,043	57,837
	<hr/>	<hr/>

**Notes** *(continued)*

**13 Commitments**

The annual commitment under non-cancellable operating leases was as follows:

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	2,741	-	-
In the second to fifth years inclusive	25,500	-	-	-
Over five years	61,500	-	61,500	-
	<u>87,000</u>	<u>2,741</u>	<u>61,500</u>	<u>-</u>

**14 Contingent liabilities**

There were no contingent liabilities at 31 December 1999 (1998 : £Nil).

**15 Ultimate holding company**

The ultimate holding company is Hancocks Holdings Limited, registered in England and Wales. Hancocks Holdings Limited is the only group undertaking preparing consolidated financial statements.

Copies of the group accounts can be obtained from the registrar of Companies, Companies House, Crown Way, Cardiff.