

LAURENS PATISSERIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 19 FEBRUARY 2006

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COMPANIES HOUSE

Laurens Patisseries Limited**Directors**

D A Liveras
S G Roebuck
T Hassan
P C Liveras

Secretary and Registered Office

Cornhill Secretaries Limited
Jessop Way
Newark Industrial Estate
Newark
Nottinghamshire
NG24 2ER

Auditors

Moore Stephens LLP
Chartered Accountants
57 London Road
Enfield
Middlesex, EN2 6SW

Report of the Directors

The directors present their report and the audited financial statements for the period 14 February 2005 to 19 February 2006. The previous period was 16 February 2004 to 13 February 2005.

Review of Activities

The principal activity of the company during the period was the manufacture and wholesale of cakes and patisseries.

No significant change in the nature of these activities occurred during the period.

The directors are very pleased with the progress made during the period and expect continued growth in the future.

Dividends

During the period the directors paid dividends of £6,565,000. These have been charged to the profit and loss account.

Land and Buildings

The directors are of the opinion that the market value of land and buildings substantially exceeds the net book value stated in these financial statements.

Directors' Interests

None of the directors had any interests in the share capital of the company during the period.

Disabled Persons

It is the company policy to recruit disabled persons for appropriate positions. Once employed, whatever assistance is necessary in terms of training and career advancement is given.

Laurens Patisseries Limited**Report of the Directors for the Period Ended 19 February 2006**

continued

Employee Information Programme

Information to employees about the company and factors affecting its performance are provided through normal management channels. Consultations between company employees is regarded as priority, with regular meetings to discuss items of mutual concern.

Research and Development

The company has continued with its policy of developing new products and packaging in the period.

Charitable Donations

During the year the company made charitable contributions of £35,603 for the purposes of the relief of financial hardship, old age, sickness or disability, the advancement of religion and other charitable purposes which help and benefit the community.

By order of the Board



Cornhill Secretaries Limited
Secretary

27 APRIL 2006

Laurens Patisseries Limited**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 of the company 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Laurens Patisseries Limited

Independent Auditors' Report to the Shareholders of Laurens Patisseries Limited

We have audited the financial statements of Laurens Patisseries Limited for the period ended 19 February 2006 set out on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. 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.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Laurens Patisseries Limited**Independent Auditors' Report to the Shareholders of Laurens Patisseries Limited**

continued

Opinion

In our opinion the financial statements:

- i. give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 19 February 2006 and of its profit for the period then ended; and
- ii. have been properly prepared in accordance with the Companies Act 1985.

57 London Road
Enfield
Middlesex, EN2 6SW

Moore Stephens LLP

MOORE STEPHENS LLP
Registered Auditors
& Chartered Accountants

27 April 2006

Laurens Patisseries Limited

Profit and Loss Account for the Period Ended 19 February 2006

	Note	2006 £	2005 £
Turnover		75,244,912	62,858,591
Cost of Sales		<u>(45,245,313)</u>	<u>(38,055,270)</u>
Gross Profit		29,999,599	24,803,321
Administrative Expenses		(15,354,302)	(14,050,176)
Other Operating Income		<u>10,183</u>	<u>6,350</u>
Operating Profit	2	14,655,480	10,759,495
Interest Payable and Similar Charges	5	<u>(699,997)</u>	<u>(754,847)</u>
Profit on Ordinary Activities Before Taxation		13,955,483	10,004,648
Taxation	6	<u>(4,224,998)</u>	<u>(3,058,051)</u>
Profit on Ordinary Activities After Taxation		9,730,485	6,946,597
Dividends	7	<u>(6,565,000)</u>	<u>(2,500,000)</u>
Retained for the period		<u><u>£3,165,485</u></u>	<u><u>£4,446,597</u></u>

There were no recognised gains and losses for the period other than those included in the profit and loss account.

Laurens Patisseries Limited

Balance Sheet at 19 February 2006

		19 February 2006		13 February 2005	
		£	£	£	£
Fixed Assets					
Intangible Assets	8		740,777		880,548
Tangible Assets	9		26,014,292		24,009,884
			<u>26,755,069</u>		<u>24,890,432</u>
Current Assets					
Stocks	10	1,445,857		1,220,587	
Debtors	11	8,987,953		6,865,616	
Cash at Bank and in Hand		1,916		1,748	
		<u>10,435,726</u>		<u>8,087,951</u>	
Creditors: Amounts Falling Due Within One Year	12	16,693,784		14,415,791	
Net Current Liabilities			<u>(6,258,058)</u>		<u>(6,327,840)</u>
Total Assets Less Current Liabilities			<u>20,497,011</u>		<u>18,562,592</u>
Creditors: Amounts Falling Due After More Than One Year	13		(4,426,633)		(5,891,699)
Provisions for Liabilities	15		(2,070,000)		(1,836,000)
			<u>£14,000,378</u>		<u>£10,834,893</u>
Capital and Reserves - Equity					
Called Up Share Capital	16		500,000		500,000
Profit and Loss Account	17		13,500,378		10,334,893
			<u>£14,000,378</u>		<u>£10,834,893</u>

Approved by the Board on 26 APRIL 2006

D A Liveras
Director


Laurens Patisseries Limited

Cash Flow Statement for the Period Ended 19 February 2006

Reconciliation of Operating Profit to Operating Cash Flow

	2006	2005
	£	£
Operating Profit	14,655,480	10,759,495
Depreciation	2,464,885	2,305,566
Amortisation	376,931	387,318
Disposal of Fixed Assets	(6,536)	37,033
Change in Stocks	(225,270)	14,046
Change in Debtors	(2,122,337)	(626,169)
Change in Creditors	951,933	384,812
Operating Cash Flow	<u>16,095,086</u>	<u>13,262,101</u>

CASH FLOW STATEMENT

Operating Cash Flow	16,095,086	13,262,101
Returns on Investment and Servicing of Finance		
Interest Paid	(344,745)	(399,359)
Finance Lease Interest	<u>(333,396)</u>	<u>(340,434)</u>
Net Cash Flow From Returns on Investment and Servicing of Finance	(678,141)	(739,793)
Taxation	(3,394,176)	(2,392,571)
Capital Expenditure and Financial Investment		
Purchase of Tangible Fixed Assets	(2,400,178)	(2,233,829)
Sale of Tangible Fixed Assets	19,595	86,228
Purchase of Intangibles	<u>(237,160)</u>	<u>(338,235)</u>
Net Cash Flow From Capital Expenditure and Financial Investment	(2,617,743)	(2,485,836)
Equity Dividends Paid	(6,565,000)	(4,000,000)
	<u>2,840,026</u>	<u>3,643,901</u>
Financing		
Loans Raised	-	1,000,000
Loan Repayments	(1,762,324)	(1,699,831)
Capital Element of Finance Lease Repayments	<u>(2,004,883)</u>	<u>(2,006,512)</u>
Net Cash Flow From Financing	(3,767,207)	(2,706,343)
Net Cash Flow for the period	<u>(£927,181)</u>	<u>£937,558</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have also been prepared on a going concern basis as the directors are satisfied that the company will generate sufficient cash to enable it to meet its working capital requirements.

Turnover

Turnover represents amounts invoiced during the period, net of Value Added Tax.

Intangible Fixed Assets

Intangible fixed assets are stated at cost, and are amortised on a straight line basis over the following periods:

Other Intangibles - 5 Years

Development Costs

Research costs are charged to the profit and loss account as incurred.

Development costs are capitalised in special circumstances where it is demonstrable that future revenues will be in excess of the costs incurred. Development costs are amortised over the period which is expected to benefit from the development work undertaken.

Certain costs with respect to packaging designs have been capitalised. These are also amortised over the period which is expected to benefit from the work undertaken.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of all tangible fixed assets other than freehold land as follows:

Freehold Properties - 2% on cost
 Plant & Machinery - 10% on cost
 Fixtures & Fittings - 20% to 33% on cost
 Motor Vehicles - 25% on cost

Finance Leases

Assets held under finance leases are treated as tangible fixed assets, and initially recorded at the present value of the minimum lease payments at the inception of the lease. These assets are depreciated over their useful economic lives.

Obligations under finance leases are included within creditors, net of finance charges allocated to future periods.

Stocks

Stocks are stated at the lower of cost and net realisable value and are valued on a first in, first out basis.

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

Deferred Taxation

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Pension Costs

The company contributes to the personal pension scheme of one director.

2 Operating Profit

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation of tangible assets	2,464,885	2,305,566
Amortisation of intangible assets	376,931	387,318
Auditors' Remuneration - Audit	19,324	20,628
	<u>2,861,140</u>	<u>2,713,512</u>

3 Directors' Emoluments

	2006 £	2005 £
Directors' emoluments	927,784	1,062,072
Pension costs	38,217	36,821
	<u>£966,001</u>	<u>£1,098,893</u>

One director is a member of a defined contribution pension scheme (2004: One).

The emoluments of the highest paid director were £858,559 together with pension costs of £38,217.

Pension contributions of £1,880 (2005: £2,334) were outstanding at the year end.

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

4 Staff Costs

Staff costs, excluding costs relating to directors, were as follows:

	2006 £	2005 £
Wages and Salaries	16,346,715	14,669,047
Social Security Costs	1,314,521	1,034,241
	<u>£17,661,236</u>	<u>£15,703,288</u>

The average monthly number of employees was 1,071 (2005: 929).

The staff of the company worked in the following activities:

Administration	108	104
Production	963	825
	<u>1,071</u>	<u>929</u>

5 Interest Payable and Similar Charges

	2006 £	2005 £
Bank loans and overdrafts	366,601	414,413
Lease finance charges	333,396	340,434
	<u>£699,997</u>	<u>£754,847</u>

6 Taxation

	2006 £	2005 £
UK Corporation Tax - Current Year	3,986,169	2,842,791
UK Corporation Tax - Adjustment to Prior Years	4,829	(6,740)
Deferred Taxation	234,000	222,000
	<u>£4,224,998</u>	<u>£3,058,051</u>

The tax assessed for the period differs from the standard rate of tax as follows.

	2006 £	2005 £
Profit on ordinary activities before tax	13,955,483	10,004,648
Profit on ordinary activities at standard rate of tax 30% (2005 30%)	4,186,645	3,001,394
Expenses not deductible for tax purposes	51,895	62,991
Capital allowances in excess of depreciation	(252,371)	(221,594)
Tax on previous periods	4,829	(6,740)
	<u>£3,990,998</u>	<u>£2,836,051</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

7 Dividends

	2006 £	2005 £
Equity Dividends		
Interim Paid £13.13 per share (2005: £5 per share).	6,565,000	2,500,000

8 Intangible Fixed Assets

	Other Intangibles £
Cost	
At 14 February 2005	2,879,338
Additions	237,160
At 19 February 2006	3,116,498
Amortisation	
At 14 February 2005	1,998,790
Amortisation for the period	376,931
At 19 February 2006	2,375,721
Net Book Value	
At 19 February 2006	£740,777
At 14 February 2005	£880,548

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

9 Tangible Fixed Assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost					
At 14 February 2005	13,099,747	18,379,201	1,605,862	657,121	33,741,931
Additions	1,229,314	2,975,002	231,804	46,232	4,482,352
Disposals	-	(35,408)	(7,496)	(64,134)	(107,038)
At 19 February 2006	<u>14,329,061</u>	<u>21,318,795</u>	<u>1,830,170</u>	<u>639,219</u>	<u>38,117,245</u>
Depreciation					
At 14 February 2005	1,264,265	6,995,247	1,179,360	293,175	9,732,047
Depreciation for the period	270,736	1,847,040	193,580	153,529	2,464,885
Disposals	-	(26,009)	(7,496)	(60,474)	(93,979)
At 19 February 2006	<u>1,535,001</u>	<u>8,816,278</u>	<u>1,365,444</u>	<u>386,230</u>	<u>12,102,953</u>
Net Book Value					
At 19 February 2006	<u>£12,794,060</u>	<u>£12,502,517</u>	<u>£464,726</u>	<u>£252,989</u>	<u>£26,014,292</u>
At 14 February 2005	<u>£11,835,482</u>	<u>£11,383,954</u>	<u>£426,502</u>	<u>£363,946</u>	<u>£24,009,884</u>

The net book value of land and buildings is split as follows:

	2006 £	2005 £
Freehold	<u>12,794,060</u>	<u>11,835,482</u>

Included in land and buildings is land at a cost of £686,000 which is not depreciated.

Included within fixed assets are items with a cost of £9,606,336 (2005: £10,125,995) which relates to assets held under finance leases. The net book value of these assets is £7,888,164 (2005: £8,266,167). These assets were depreciated by £1,309,840 (2005: £974,782) during the period. All of the assets held under finance lease relate to plant and machinery.

10 Stocks

	2006 £	2005 £
Raw Materials and Consumables	1,278,376	1,031,586
Finished Goods and Goods for Resale	<u>167,481</u>	<u>189,001</u>
	<u>£1,445,857</u>	<u>£1,220,587</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

11 Debtors

	2006 £	2005 £
Trade Debtors	8,082,049	6,147,312
Other Debtors	515,561	253,702
Prepayments and Accrued Income	390,343	464,602
	<u>£8,987,953</u>	<u>£6,865,616</u>

12 Creditors: Amounts Falling Due Within One Year

	2006 £	2005 £
Bank Loans and Overdrafts	5,231,611	4,187,810
Trade Creditors	4,455,154	3,172,358
Corporation Tax	2,003,479	1,406,657
Other Taxation and Social Security	700,597	594,730
Finance Lease Creditors	1,915,633	1,842,233
Other Creditors	211,425	160,162
Accruals and Deferred Income	2,175,885	3,051,841
	<u>£16,693,784</u>	<u>£14,415,791</u>

13 Creditors: Amounts Falling Due After More Than One Year

	2006 £	2005 £
Bank Loans and Overdrafts	570,049	2,448,825
Finance Lease Creditors	3,856,584	3,442,874
	<u>£4,426,633</u>	<u>£5,891,699</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

14 Analysis of Bank Loans and Finance Lease Creditors

	2006 £	2005 £
Bank Loans and Overdrafts		
Amounts are due within the following periods:		
Within one year	5,231,611	4,187,810
Between one and two years	570,049	1,896,778
Between two and five years	-	552,047
	<u>£5,801,660</u>	<u>£6,636,635</u>
Finance Leases		
Amounts are due within the following periods:		
Within one year	1,915,633	1,842,233
Between one and two years	2,881,009	1,347,905
Between two and five years	975,573	2,094,969
	<u>£5,772,215</u>	<u>£5,285,107</u>

The bank overdraft amounting to £3,336,931 (2005: £2,409,582) and the bank loans of £2,464,729 (2005: £4,227,053) are secured by way of a fixed charge over the freehold property at Jessop Way and a floating charge on all the assets of the company.

The bank loans are repayable in equal instalments and interest is charged at between 1.00% and 2.25% above National Westminster Bank Plc bank rate.

The finance lease and hire purchase liabilities are secured over the assets to which they relate.

15 Provisions for Liabilities

Deferred tax provided in the accounts, is:

	2006 £	2005 £
Accelerated Capital Allowances	<u>2,070,000</u>	<u>1,836,000</u>

The movement in the deferred tax provision during the period was as follows:

	£
At 14 February 2005	1,836,000
Movement in the Year	<u>234,000</u>
At 19 February 2006	<u>£2,070,000</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

16 Share Capital

	2006 £	2005 £
Authorised		
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>
	2006 £	2005 £
Allotted, Called Up and Fully Paid		
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>

17 Reserves

	Profit and Loss Account £
At 14 February 2005	10,334,893
Retained for the period	<u>3,165,485</u>
At 19 February 2006	<u>£13,500,378</u>

18 Reconciliation of Movements in Shareholder's Funds

	2006 £	2005 £
Profit for the financial year	9,730,485	6,946,597
Dividends	<u>(6,565,000)</u>	<u>(2,500,000)</u>
Net additions to shareholder's funds	3,165,485	4,446,597
Opening Shareholder's Funds	<u>10,834,893</u>	<u>6,388,296</u>
Closing Shareholder's Funds	<u>£14,000,378</u>	<u>£10,834,893</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 19 February 2006

continued

19 Reconciliation of Net Cash Flow to Movement in Net Debt

	2006 £	2005 £
Change in Cash in the period	(927,181)	937,558
Change in Debt Financing	3,767,207	2,706,343
Inception of Finance Leases	(2,491,993)	(1,781,069)
Movement in Net Debt in the Period	348,033	1,862,832
Net Debt Brought Forward	(11,919,994)	(13,782,826)
Net Debt Carried Forward	<u>(£11,571,961)</u>	<u>(£11,919,994)</u>

20 Analysis of Changes in Net Debt

	Brought Forward £	Cash Flow £	Other Changes £	Carried Forward £
Cash	1,748	168	-	1,916
Overdrafts	(2,409,582)	(927,349)	-	(3,336,931)
		(927,181)		
Debt Due Within One Year	(1,778,228)	(116,452)	-	(1,894,680)
Debt Due After One Year	(2,448,825)	1,878,776	-	(570,049)
Lease Finance	(5,285,107)	2,004,883	(2,491,993)	(5,772,217)
	<u>(£11,919,994)</u>	<u>£2,840,026</u>	<u>(£2,491,993)</u>	<u>(£11,571,961)</u>

21 Operating Lease Commitments

The company's commitments under operating leases for the next year are for leases expiring:

	Other Leases £
Within two to five years	195,996
After more than five years	1,096,476
	<u>£1,292,472</u>

22 Related Parties

The company's immediate and ultimate parent company is Lauren Holdings Limited (formerly Lauren & Alysia Holdings Limited), a company registered in Guernsey, C.I. The ultimate controlling party is the Liveras Family Trust.

During the year the company paid management charges of £151,000 (2005: £170,000) to Natasha Investments Limited, a company owned by the father of D A Liveras, director. There were no amounts outstanding as at 19 February 2006 or 13 February 2005.