

REGISTRAR'S
COPY

LAURENS PATISseries LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 13 FEBRUARY 2005



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
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 ended 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 £2,500,000. 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 13 February 2005**

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.

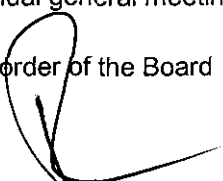
Charitable Donations

During the year the company made charitable contributions of £39,555 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.

Auditors

The auditors, Moore Stephens, have expressed their willingness to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be proposed at the forthcoming annual general meeting.

By order of the Board



Cornhill Secretaries Limited
Secretary

3 May 2005

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 13 February 2005 set out on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Opinion

We conducted our audit in accordance with United Kingdom 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 13 February 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

57 London Road
Enfield
Middlesex, EN2 6SW

MOORE STEPHENS
Registered Auditors
& Chartered Accountants

20 May 2005

Laurens Patisseries Limited

Profit and Loss Account for the Period Ended 13 February 2005

	Note	2005 £	2004 £
Turnover		62,858,591	51,653,127
Cost of Sales		(38,055,270)	(33,164,673)
Gross Profit		24,803,321	18,488,454
Administrative Expenses		(14,050,176)	(10,804,570)
Other Operating Income		6,350	6,350
Operating Profit	2	10,759,495	7,690,234
Investment Income		-	4,820
Amounts Written Off Investments		-	(350,000)
Interest Payable and Similar Charges	5	(754,847)	(811,756)
Profit on Ordinary Activities Before Taxation		10,004,648	6,533,298
Taxation	6	(3,058,051)	(2,040,826)
Profit on Ordinary Activities After Taxation		6,946,597	4,492,472
Dividends	7	(2,500,000)	(2,000,000)
Retained for the period		<u>£4,446,597</u>	<u>£2,492,472</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 13 February 2005

	Note	£	2005	£	£	2004	£
Fixed Assets							
Intangible Assets	8			880,548			929,631
Tangible Assets	9			24,009,884			22,152,279
				<u>24,890,432</u>			<u>23,081,910</u>
Current Assets							
Stocks	10	1,220,587			1,234,633		
Debtors	11	6,865,616			6,239,447		
Cash at Bank and in Hand		1,748			1,900		
				<u>8,087,951</u>			<u>7,475,980</u>
Creditors: Amounts Falling Due Within One Year	12	14,415,791			15,744,587		
Net Current Liabilities				<u>(6,327,840)</u>			<u>(8,268,607)</u>
Total Assets Less Current Liabilities				<u>18,562,592</u>			<u>14,813,303</u>
Creditors: Amounts Falling Due After More Than One Year	13			(5,891,699)			(6,811,007)
Provisions for Liabilities and Charges	16			(1,836,000)			(1,614,000)
				<u>£10,834,893</u>			<u>£6,388,296</u>
Capital and Reserves - Equity							
Called Up Share Capital	17			500,000			500,000
Profit and Loss Account	18			10,334,893			5,888,296
				<u>£10,834,893</u>			<u>£6,388,296</u>

Approved by the Board on 3 May 2005

D A Liveras
Director

Laurens Patisseries Limited

Cash Flow Statement for the Period Ended 13 February 2005

Reconciliation of Operating Profit to Operating Cash Flow

	2005	2004
	£	£
Operating Profit	10,759,495	7,690,234
Depreciation	2,305,566	1,737,614
Amortisation	387,318	363,495
Disposal of Fixed Assets	37,033	(39,141)
Change in Stocks	14,046	41,184
Change in Debtors	(626,169)	(677,142)
Change in Creditors	384,812	470,362
Operating Cash Flow	<u>13,262,101</u>	<u>9,586,606</u>

CASH FLOW STATEMENT

Operating Cash Flow	13,262,101	9,586,606
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Returns on Investment and Servicing of Finance

Interest Received	-	4,820
Interest Paid	(399,359)	(439,288)
Finance Lease Interest	<u>(340,434)</u>	<u>(313,196)</u>
Net Cash Flow From Returns on Investment and Servicing of Finance	(739,793)	(747,664)

Taxation	(2,392,571)	(981,649)
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Capital Expenditure and Financial Investment

Purchase of Tangible Fixed Assets	(2,233,829)	(3,490,738)
Sale of Tangible Fixed Assets	86,228	88,348
Purchase of Intangibles	<u>(338,235)</u>	<u>(319,600)</u>
Net Cash Flow From Capital Expenditure and Financial Investment	(2,485,836)	(3,721,990)

Equity Dividends Paid	(4,000,000)	(1,700,000)
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	<u>3,643,901</u>	<u>2,435,303</u>
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Financing

Loans Raised	1,000,000	-
Loan Repayments	(1,699,831)	(629,299)
Capital Element of Finance Lease Repayments	<u>(2,006,512)</u>	<u>(2,134,361)</u>
Net Cash Flow From Financing	(2,706,343)	(2,763,660)

Net Cash Flow for the period	<u>£937,558</u>	<u>(£328,357)</u>
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Laurens Patisseries Limited**Notes to the Financial Statements for the Period Ended 13 February 2005****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 13 February 2005

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

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	2,305,566	1,737,614
Amortisation of intangible assets	387,318	363,495
Auditors' Remuneration - Audit	20,628	26,500
	<u> </u>	<u> </u>

3 Directors' Emoluments

	2005 £	2004 £
Directors' emoluments	1,062,072	885,748
Pension costs	36,821	36,691
	<u>£1,098,893</u>	<u>£922,439</u>

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

The emoluments of the highest paid director were £759,333.

£36,821 was paid into the pension scheme of the highest paid director during the period.

Pension contributions of £2,334 (2004 £nil) were outstanding at the year end.

4 Staff Costs

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

	2005 £	2004 £
Wages and Salaries	14,669,047	13,624,210
Social Security Costs	1,034,241	921,120
	<u>£15,703,288</u>	<u>£14,545,330</u>

The average monthly number of employees was 929 (2004 933).

The staff of the company worked in the following activities:

	2005	2004
Administration	104	106
Production	825	827
	<u>929</u>	<u>933</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

5 Interest Payable and Similar Charges

	2005 £	2004 £
Bank loans and overdrafts	414,413	498,560
Lease finance charges	340,434	313,196
	<u>£754,847</u>	<u>£811,756</u>

6 Taxation

	2005 £	2004 £
UK Corporation Tax - Current Year	2,842,791	1,566,000
UK Corporation Tax - Adjustment to Prior Years	(6,740)	(32,174)
Deferred Taxation	222,000	507,000
	<u>£3,058,051</u>	<u>£2,040,826</u>

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

	2005 £	2004 £
Profit on ordinary activities before tax	<u>10,004,648</u>	<u>6,533,298</u>
Profit on ordinary activities at standard rate of tax 30% (2004 30%)	3,001,394	1,959,989
Expenses not deductible for tax purposes	62,991	85,028
Capital allowances in excess of depreciation	(221,594)	(479,017)
Tax on previous periods	(6,740)	(32,174)
	<u>£2,836,051</u>	<u>£1,533,826</u>

7 Dividends

	2005 £	2004 £
Equity Dividends		
Interim Paid 500 Pence Per Share (2004 100).	2,500,000	500,000
Final Proposed Nil Pence Per Share (2004 300).	-	1,500,000
	<u>£2,500,000</u>	<u>£2,000,000</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

8 Intangible Fixed Assets

	Other Intangibles £
Cost	
At 16 February 2004	2,541,103
Additions	338,235
At 13 February 2005	<u>2,879,338</u>
Amortisation	
At 16 February 2004	1,611,472
Amortisation for the period	387,318
At 13 February 2005	<u>1,998,790</u>
Net Book Value	
At 13 February 2005	<u>£880,548</u>
At 16 February 2004	<u>£929,631</u>

9 Tangible Fixed Assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost					
At 16 February 2004	12,381,056	15,541,058	1,370,486	578,211	29,870,811
Additions	718,691	3,013,937	332,509	221,295	4,286,432
Disposals	-	(145,650)	(127,277)	(142,385)	(415,312)
Transfers	-	(30,144)	30,144	-	-
At 13 February 2005	<u>13,099,747</u>	<u>18,379,201</u>	<u>1,605,862</u>	<u>657,121</u>	<u>33,741,931</u>
Depreciation					
At 16 February 2004	1,015,798	5,555,275	926,037	221,422	7,718,532
Depreciation for the period	248,467	1,536,370	373,369	147,360	2,305,566
Disposals	-	(89,168)	(127,276)	(75,607)	(292,051)
Transfers	-	(7,230)	7,230	-	-
At 13 February 2005	<u>1,264,265</u>	<u>6,995,247</u>	<u>1,179,360</u>	<u>293,175</u>	<u>9,732,047</u>
Net Book Value					
At 13 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>
At 16 February 2004	<u>£11,365,258</u>	<u>£9,985,783</u>	<u>£444,449</u>	<u>£356,789</u>	<u>£22,152,279</u>

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

	2005 £	2004 £
Freehold	<u>11,835,482</u>	<u>11,365,258</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

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 £10,125,995 (2004: £10,219,217) which relates to assets held under finance leases. The net book value of these assets is £8,266,167 (2004: £8,612,010). These assets were depreciated by £974,782 (2004: £1,072,626) during the period. All of the assets held under finance lease relate to plant and machinery.

10 Stocks

	2005 £	2004 £
Raw Materials and Consumables	1,031,586	1,109,247
Finished Goods and Goods for Resale	189,001	125,386
	<u>£1,220,587</u>	<u>£1,234,633</u>

11 Debtors

	2005 £	2004 £
Trade Debtors	6,147,312	5,626,093
Other Debtors	253,702	222,832
Prepayments and Accrued Income	464,602	390,522
	<u>£6,865,616</u>	<u>£6,239,447</u>

12 Creditors: Amounts Falling Due Within One Year

	2005 £	2004 £
Bank Loans and Overdrafts	4,187,810	5,103,596
Trade Creditors	3,172,358	3,730,801
Dividends Payable	-	1,500,000
Corporation Tax	1,406,657	963,177
Other Taxation and Social Security	594,730	421,273
Finance Lease Creditors	1,842,233	1,870,123
Other Creditors	160,162	137,537
Accruals and Deferred Income	3,051,841	2,018,080
	<u>£14,415,791</u>	<u>£15,744,587</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

13 Creditors: Amounts Falling Due After More Than One Year

	2005 £	2004 £
Bank Loans and Overdrafts	2,448,825	3,170,580
Finance Lease Creditors	3,442,874	3,640,427
	<u>£5,891,699</u>	<u>£6,811,007</u>

14 Analysis of Bank Loans and Finance Lease Creditors

	2005 £	2004 £
Bank Loans and Overdrafts		
Amounts are due within the following periods:		
Within one year	4,187,810	5,103,596
Between one and two years	1,896,778	1,861,682
Between two and five years	552,047	1,308,898
	<u>£6,636,635</u>	<u>£8,274,176</u>

Finance Leases

Amounts are due within the following periods:

Within one year	1,842,233	1,870,123
Between one and two years	1,347,905	1,494,301
Between two and five years	2,094,969	2,146,126
	<u>£5,285,107</u>	<u>£5,510,550</u>

15 Commitments

The bank overdraft amounting to £2,409,582 (2004: £3,347,292) and the bank loans of £4,227,053 (2004: £4,926,884) 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 loans are repayable in equal instalments and interest is charged at between 1.00% and 2.25% above National Westminster Bank Plc bank rate.

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

16 Provisions for Liabilities and Charges

Deferred tax provided in the accounts, is:

	2005 £	2004 £
Accelerated Capital Allowances	<u>1,836,000</u>	<u>1,614,000</u>

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

	£
At 16 February 2004	1,614,000
Movement in the Year	<u>222,000</u>
At 13 February 2005	<u>£1,836,000</u>

17 Share Capital

	2005 £	2004 £
Authorised		
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>

	2005 £	2004 £
Allotted, Called Up and Fully Paid		
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>

18 Reserves

	Profit and Loss Account £
At 16 February 2004	5,888,296
Retained for the period	<u>4,446,597</u>
At 13 February 2005	<u>£10,334,893</u>

19 Reconciliation of Movements in Shareholder's Funds

	2005 £	2004 £
Profit for the financial year	6,946,597	4,492,472
Dividends	<u>(2,500,000)</u>	<u>(2,000,000)</u>
Net additions to shareholder's funds	4,446,597	2,492,472
Opening Shareholder's Funds	<u>6,388,296</u>	<u>3,895,824</u>
Closing Shareholder's Funds	<u>£10,834,893</u>	<u>£6,388,296</u>

Laurens Patisseries Limited

Notes to the Financial Statements for the Period Ended 13 February 2005

continued

20 Reconciliation of Net Cash Flow to Movement in Net Debt

	2005 £	2004 £
Change in Cash in the period	937,558	(328,357)
Change in Debt Financing	2,706,343	2,763,660
Inception of Finance Leases	(1,781,069)	(2,968,979)
Movement in Net Debt in the Period	1,862,832	(533,676)
Net Debt Brought Forward	(13,782,826)	(13,249,150)
Net Debt Carried Forward	<u>(£11,919,994)</u>	<u>(£13,782,826)</u>

21 Analysis of Changes in Net Debt

	Brought Forward £	Cash Flow £	Other Changes £	Carried Forward £
Cash	1,900	(152)	-	1,748
Overdrafts	(3,347,292)	937,710	-	(2,409,582)
		937,558		
Debt Due Within One Year	(1,756,304)	(21,924)	-	(1,778,228)
Debt Due After One Year	(3,170,580)	721,755	-	(2,448,825)
Lease Finance	(5,510,550)	2,006,512	(1,781,069)	(5,285,107)
	<u>(£13,782,826)</u>	<u>£3,643,901</u>	<u>(£1,781,069)</u>	<u>(£11,919,994)</u>

22 Related Parties

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