

**World of Sweets Limited**

**Director's report and financial  
statements**

**Registered number 4431556**

**31 December 2004**



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## Director's report

The director presents the annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities

The company's principal activity is the wholesaling of confectionery products in the United Kingdom.

### Results and dividends

The profit for the year after taxation amounted to £270 (2003: loss £25,271).

The director does not recommend the payment of a dividend for the year (2003: nil).

### Directors and directors' interests

The director who held office during the year was as follows:

AD Hancock

Directors' interests in the share capital of group companies are disclosed in the accounts of the ultimate parent undertaking, Hancocks Holdings Limited, in which AD Hancock is a director.

### Charitable donations

During the year the company made donations of £50 (2003: nil).

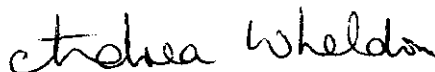
### Disabled persons

It is the company's policy to give full consideration to suitable applications for employment by disabled persons (including any who become disabled whilst in the employment of the company). Currently no registered disabled persons are employed by the company.

### Auditors

KPMG LLP were re-appointed at the last Annual General Meeting. A resolution for the re-appointment of KPMG LLP 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

9 August 2005

## **Statement of director's responsibilities**

Company law requires the director 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 director is 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 director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

1 Waterloo Way  
Leicester  
LE1 6LP  
United Kingdom

### Report of the independent auditors to the members of World of Sweets Limited

We have audited the financial statements on pages 4 to 11.

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 director and auditors*

The director is responsible for preparing the director's report and, as described on page 2, 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 1985. We also report to you if, in our opinion, the director's 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 director's 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*LPM LLP*

Chartered Accountants  
Registered Auditor

*10 August 2005*

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>31 December 2004 £</b>	<b>31 December 2003 £</b>
<b>Turnover</b>	<i>1</i>	<b>2,910,459</b>	1,778,067
<b>Operating costs</b>	<i>2</i>	<b>(2,910,189)</b>	(1,803,338)
<b>Operating profit/(loss)</b>		<b>270</b>	(25,271)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>270</b>	(25,271)
Tax on profit/(loss) on ordinary activities	<i>6</i>	-	-
<b>Profit/(loss) for the financial year</b>	<i>13</i>	<b>270</b>	(25,271)

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

**Balance sheet**  
*at 31 December 2004*

	Note	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	7	959		1,349	
			959		1,349
<b>Current assets</b>					
Debtors	8	935,553		748,149	
Cash at bank and in hand		4,015,526		1,059,415	
		4,951,079		1,807,564	
<b>Creditors: amounts falling due within one year</b>	9	(4,971,438)		(1,838,583)	
<b>Net current liabilities</b>			(20,359)		(31,019)
<b>Total assets less current liabilities</b>			(19,400)		(29,670)
<b>Creditors: amounts falling due after more than one year</b>	10		(101,750)		(91,750)
<b>Net liabilities</b>			(121,150)		(121,420)
<b>Capital and reserves</b>					
Called up share capital	12		1		1
Profit and loss account	13		(121,151)		(121,421)
<b>Equity shareholder's funds</b>	14		(121,150)		(121,420)

These financial statements were approved by the board of directors on 9 August 2005 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 liabilities on the grounds that the company's parent has pledged such financial support as may be necessary.

#### *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:

Plant, machinery, fixtures and fittings                      -                      2 - 5 years

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Taxation*

Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Pensions*

The company is part of the group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Turnover*

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

### 2 Operating costs

	2004 £	2003 £
Raw materials and consumables	2,604,538	1,609,179
Staff costs - wages and salaries	112,133	110,424
- social security costs	12,971	12,739
- other pension costs	8,249	8,408
Depreciation and other amounts written off tangible fixed assets	390	389
Other operating charges	171,908	62,199
<b>Total operating costs</b>	<b>2,910,189</b>	<b>1,803,338</b>

## Notes (continued)

### 3 Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Depreciation – owned assets	390	389
Hire of other assets - operating leases	17,344	15,312
	<u>          </u>	<u>          </u>

All fees for audit work and other services are paid by Hancock Cash & Carry Limited.

### 4 Remuneration of directors

The director's emoluments are paid by Hancocks Holdings Limited.

### 5 Staff numbers

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

	2004 Number of employees	2003 Number of employees
Management	2	2
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	112,133	110,424
Social security costs	12,971	12,739
Other pension costs	8,249	8,408
	<u>          </u>	<u>          </u>
	133,353	131,571
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Taxation

	2004 £	2003 £
<i>UK corporation tax:</i>		
Current tax on income/(loss) for the year	-	-
Adjustment relating to prior year	-	-
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current year:*

The current tax charge for the year is lower (2003: *higher*) than the standard rate of corporation tax in the UK (30% (2003: 30%)). The differences are explained below:

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	270	(25,271)
	<hr/>	<hr/>
Current tax at 30%	81	(7,581)
<i>Effect of:</i>		
Expenses not deductible for tax purposes	1,359	1,130
Group relief for no payment	-	6,451
Utilisation of tax losses	(1,440)	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

## Notes (continued)

### 7 Tangible fixed assets

	Plant and machinery £	Total £
<b>Cost</b>		
At beginning and end of year	1,948	1,948
<b>Depreciation</b>		
At beginning of year	599	599
Charge for year	390	390
At end of year	989	989
<b>Net book value</b>		
At 31 December 2004	959	959
At 31 December 2003	1,349	1,349

### 8 Debtors

	2004 £	2003 £
Trade debtors	933,701	748,149
Other debtors	1,852	-
	935,553	748,149

### 9 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	47,053	39,003
Amount owed to group undertakings	4,924,385	1,799,580
	4,971,438	1,838,583

## Notes (continued)

### 10 Creditors: amounts due over one year

These are loans made to the company by its foreign venture partners and are repayable, without interest, at the discretion of the director, dependent on the medium-term cash position of the company but are not expected to be repaid within 12 months of the balance sheet date. The loans are unsecured.

### 11 Deferred taxation

Unprovided deferred tax is detailed below. The amounts have not been provided due to uncertainty regarding the future economic benefit.

	2004 £	2003 £
Accelerated capital allowances	7	-
Tax losses	2,634	4,062
	<hr/> 2,641 <hr/>	<hr/> 4,062 <hr/>

### 12 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

### 13 Reserves

	Profit and loss account £
At beginning of year	(121,421)
Profit for the year	270
	<hr/>
At end of year	(121,151) <hr/>

## Notes (continued)

### 14 Reconciliation of movements in equity shareholder's funds

	2004 £	2003 £
Opening equity shareholder's funds	(121,420)	(96,149)
Profit/(loss) for the year	270	(25,271)
	<hr/>	<hr/>
Closing equity shareholder's funds	<u>(121,150)</u>	<u>(121,420)</u>

### 15 Commitments

Annual commitments under non-cancellable operating leases were as follows:

	2004 £	Other assets 2003 £
Operating leases which expire:		
Within one year	12,530	12,530
	<hr/>	<hr/>

### 16 Contingent liability

The company has given an unlimited cross guarantee to secure the bank overdrafts of all group companies with the exception of Sweet Factory (UK) Limited. At 31 December 2004 net group overdrafts subject to this guarantee totalled £nil (2003: £920,819).

### 17 Pension scheme

The company is part of the group defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £8,249 (2003: £8,408). There were no prepaid or accrued contributions at the beginning or end of the year.

### 18 Ultimate holding company

The ultimate holding company is the immediate and ultimate parent, Hancocks Holdings Limited, registered in England and Wales. The ultimate controlling parties are AD Hancock and AP Hancock by virtue of their shareholdings in the parent company.

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