

World of Sweets Limited

Annual report and financial statements  
for the year ended 31 December 2012

Registered number 4431556



# **World of Sweets Limited**

## **Annual report and financial statements for the year ended 31 December 2012**

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# **World of Sweets Limited**

## **Directors' report for the year ended 31 December 2012**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012.

### **Principal activities**

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

### **Business review**

The profit for the financial year after taxation amounted to £157,690 (2011: loss of £5,500 following the administration of a supplier and provision for related costs). The directors do not recommend the payment of a dividend (2011: £nil).

### **Research and development**

We continue to invest in the systems in our warehouse and at Head Office to enable us to provide better product ranges, consistent quality, and improved customer service.

### **Future outlook**

Although we expect the marketplace to be as competitive as ever, we believe we will maintain our current level of performance and profitability in the foreseeable future.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk faced by the company is the increasing level of competition from local and national wholesalers and retailers, which is managed by the continued development of product ranges and customer service.

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring and minimising levels of risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk to a sub-committee of the board. The policies set by the directors are implemented by the finance department. The department adopts policies and procedures that set out specific guidelines to manage risks and circumstances where it would be appropriate to use financial instruments to manage them.

#### *Price risk*

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

# **World of Sweets Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Financial risk management (continued)**

#### *Credit risk*

The company has implemented policies that require, where relevant, appropriate credit checks on potential customers before sales on credit are made

#### *Liquidity risk*

The company actively manages its cash balances to ensure it holds sufficient liquidity for its operations and investments

#### *Interest rate cash flow risk*

The group of which the company is a member has both working capital facilities and longer term loan finance that are designed to ensure the group has sufficient available funds for operations and planned expansions. In order to ensure stability of cash flows and hence manage interest rate risk, the group has an interest rate cap to limit the maximum rate in respect of all bank loan interest

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the directors are of the opinion that analysis using any KPIs additional to turnover and operating profit is not necessary for an understanding of the development, performance or position of the business

### **Directors**

AD Hancock resigned on 16 November 2012 and MA Watson, RJ Garner and JF Summerley were appointed as directors on that date

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

# **World of Sweets Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### **Qualifying third party indemnity provision**

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Statement of disclosure of information to auditors**

In the case of the directors in office at the date the director's report is approved, the following applies:

- a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

### **On behalf of the board**



R Garner  
Director  
20 May 2013

# **World of Sweets Limited**

## **Independent auditors' report to the members of World of Sweets Limited**

We have audited the financial statements of World of Sweets Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the statement of directors' responsibilities on pages 2 and 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

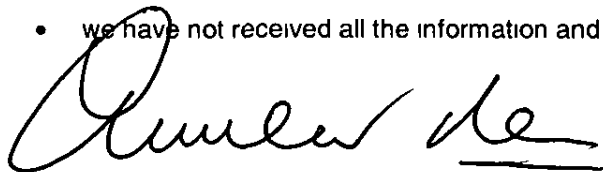
## **World of Sweets Limited**

### **Independent auditors' report to the members of World of Sweets Limited (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Mair (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
20 May 2013

## World of Sweets Limited

### Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	5,468,718	4,267,636
Operating costs	2	(5,304,361)	(4,276,018)
<b>Operating profit/(loss) and profit/(loss) on ordinary activities before taxation</b>	3	<b>164,357</b>	<b>(8,382)</b>
Tax on profit/(loss) on ordinary activities	6	(6,667)	2,882
<b>Profit/(loss) for the financial year</b>	11	<b>157,690</b>	<b>(5,500)</b>

The results presented are all derived from continuing activities

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents

There are no recognised gains or losses other than those stated above



# World of Sweets Limited

## Balance sheet as at 31 December 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	7	90	60
		90	60
<b>Current assets</b>			
Debtors	8	9,752,625	9,556,211
Cash at bank and in hand		265,719	195,195
		10,018,344	9,751,406
<b>Creditors: amounts falling due within one year</b>	9	<b>(9,262,694)</b>	<b>(9,153,416)</b>
<b>Net current assets</b>		<b>755,650</b>	<b>597,990</b>
<b>Total assets less current liabilities</b>		<b>755,740</b>	<b>598,050</b>
<b>Net assets</b>		<b>755,740</b>	<b>598,050</b>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	755,739	598,049
<b>Total shareholders' funds</b>	12	<b>755,740</b>	<b>598,050</b>

These financial statements on pages 6 to 13 were approved by the board on 20 May 2013 and signed on their behalf by



R Garner  
Director

# **World of Sweets Limited**

## **Notes to the financial statements for the year ended 31 December 2012**

### **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**

These financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and under the historical cost accounting rules

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996), 'Cash Flow Statements' to prepare a cash flow statements as it is a wholly owned subsidiary undertaking of Hancocks Group Holdings Limited and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of Hancocks Group Holdings Limited, the company has also taken advantage of the exemption contained in Financial Reporting Standard No 8, 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated in the balance sheet at cost less accumulated 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 and machinery	2-5 years
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#### **Leases**

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

#### **Taxation**

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No 19, 'Deferred Tax'. It is measured at the rate of tax that has been substantively enacted at the balance sheet date and which is expected to apply when differences reverse

#### **Pensions**

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

#### **Turnover**

Turnover represents the amounts (excluding value added tax and trade discounts) derived from the provision of goods to customers during the year, recognised on delivery or collection of the goods

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 2 Operating costs

	2012	2011
	£	£
Raw materials and consumables	4,721,526	3,676,239
Staff costs - wages and salaries	71,639	74,061
- social security costs	8,665	8,170
- other pension costs (note 15)	7,815	3,651
Depreciation written (back)/off tangible fixed assets	(30)	184
Other operating charges	494,746	513,713
Total operating costs	5,304,361	4,276,018

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

This is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation - owned assets	(30)	184
Hire of other assets - operating leases	6,514	6,995

Auditors remuneration of £5,000 (2011 £5,000) and fees for other services are paid by Hancock Cash & Carry Limited

### 4 Remuneration of directors

The directors' emoluments in 2012 and 2011 were paid by and are disclosed in Hancocks Holdings Limited with no recharge made

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 5 Staff numbers

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

	2012	2011
	Number	Number
Management	2	1

### 6 Tax on profit/(loss) on ordinary activities

	2012	2011
	£	£
<b>Current tax</b>		
UK corporation tax on profit/(loss) for the year	6,667	-
Prior year over provision	-	(2,882)
Tax charge/(credit) on profit/(loss) on ordinary activities	6,667	(2,882)

#### Factors affecting the tax charge for the year

The current tax charge/(credit) for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
	£	£
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>164,357</b>	<b>(8,382)</b>
Profit/(loss) on ordinary activities before taxation at 24.5% (2011 26.5%)	40,267	(2,221)
<b>Effects of</b>	<b>-</b>	<b>-</b>
Expenses not (taxable)/deductible for tax purposes	(28)	446
Group relief not paid for	(26,176)	1,775
Tax at small companies rate	(7,396)	-
Prior year overprovision	-	(2,882)
<b>Total current tax charge/(credit)</b>	<b>6,667</b>	<b>(2,882)</b>

The company has no provided or unprovided deferred tax assets or liabilities (2011 £nil)

The Finance Act in March 2012 reduced UK corporation tax to 24% from April 2012 and a reduction to 23% from April 2013 has since been enacted in July 2012 with further annual reductions proposed to reduce it to 21% by April 2014 and to 20% by April 2015

# World of Sweets Limited

## 7 Tangible fixed assets

	Plant and machinery
	£
<b>Cost</b>	
At 1 January 2012 and at 31 December 2012	<b>915</b>
<b>Accumulated depreciation</b>	
At 1 January 2012	855
Credit for the year	(30)
<b>At 31 December 2012</b>	<b>825</b>
<b>Net book amount</b>	
<b>At 31 December 2012</b>	<b>90</b>
At 31 December 2011	60

## 8 Debtors

	2012	2011
	£	£
Trade debtors	<b>1,233,154</b>	1,038,705
Amounts owed by group undertakings	<b>8,514,130</b>	8,514,130
Other debtors	<b>108</b>	2,304
Prepayments and accrued income	<b>5,233</b>	1,072
	<b>9,752,625</b>	9,556,211

Amounts owed by and to group undertakings are interest free and have no fixed repayment dates

# World of Sweets Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

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

	2012	2011
	£	£
Amount owed to group undertakings	8,875,762	8,957,693
Corporation tax	6,667	-
Other creditors	168,660	22,214
Accruals and deferred income	211,605	173,509
	<b>9,262,694</b>	<b>9,153,416</b>

### 10 Called up share capital

	2012	2011
	£	£
<b>Allotted and fully paid</b>		
1 ordinary share of £1	1	1

### 11 Profit and loss account

	£
At 1 January 2012	598,049
Profit for the financial year	157,690
<b>At 31 December 2012</b>	<b>755,739</b>

## World of Sweets Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 12 Reconciliation of movement in shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	598,050	603,550
Profit/(loss) for the financial year	157,690	(5,500)
Closing shareholders' funds	755,740	598,050

#### 13 Commitments

Annual commitments under non-cancellable operating leases at 31 December 2012 were as follows

	Other	
	2012	2011
	£	£
Operating leases which expire:		
Within 1 year	-	-
Within 2-5 years	5,969	5,969

#### 14 Contingent liabilities

The company has given guarantees and its assets are secured by fixed and floating charges in respect of £27m of parent company borrowings

#### 15 Pension scheme

The company is part of a group defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £7,815 (2011: £3,651). There were no prepaid or accrued contributions at the beginning or end of the year.

#### 16 Ultimate parent company and controlling parties

The immediate parent company is Hancocks Holdings Limited and the ultimate parent company is Hancock Topco Limited, registered in England and Wales. The only group company preparing consolidated financial statements at 31 December 2012 is Hancocks Group Holdings Limited, registered in England and Wales.

Copies of the financial statements of Hancocks Group Holdings Limited can be obtained from the registrar of Companies, Companies House, Crown Way, Cardiff.

H2 Equity Partners manages the interests of the investing H2 Equity funds, which hold the majority of the shares in the ultimate parent company, and is represented on the board of the company.