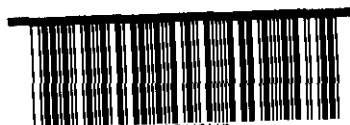


**BUDGEN HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**FOR THE FINANCIAL PERIOD**  
**FROM 29 APRIL 2002 TO 31 DECEMBER 2002**

**Registered No: 161619**



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Budgen Holdings Limited

Annual report for the period ended 31 December 2002

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REGISTERED NUMBER 161619

## **Directors and other information**

### **DIRECTOR**

S Pyper  
M Taylor

### **SECRETARY**

R W Hare

### **AUDITORS**

PricewaterhouseCoopers LLP  
Harman House  
1 George Street  
Uxbridge  
UB8 1QQ

### **REGISTERED OFFICE**

Stonefield Way  
Ruislip  
Middlesex  
HA4 0JR

# Budgen Holdings Limited

Annual report for the period ended 31 December 2002

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## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the financial period from 29 April 2002 to 31 December 2002.

### Change of Accounting Reference Date

On 9 December 2002, the Company changed its accounting reference date from 28 April to 31 December to coincide with the accounting reference date of Musgrave Group plc, the ultimate holding company.

### Principal Activities

Throughout the current financial period from 29 April 2002 to 31 December 2002 and year ended 28 April 2002, the Company did not trade and will remain dormant for the foreseeable future.

### Directors Review

On the 21 June 2002, it was announced that the Independent Directors of parent undertaking, Budgens plc and the board of Musgrave Group plc had reached agreement on the terms of a recommended cash offer. The offer, at 135p per share, was made by Hawkpoint and AIB Corporate Finance on behalf of Musgrave Investments plc, a wholly-owned subsidiary of Musgrave Group plc, to acquire the entire issued and to be issued ordinary share capital of Budgens plc not already owned by Musgrave.

Subsequently on 31 July 2002, all conditions were satisfied and Musgrave Group plc completed its acquisition of Budgens plc. It is envisaged that Budgens plc will continue to operate as a fully autonomous division of Musgrave Group plc and will continue to develop and grow.

On 16 September 2002 Budgens plc was de-listed from the London Stock Exchange.

On 24 October 2002 a resolution was passed in order for Budgens plc to change its name to Budgens Limited.

### Results and dividends

The Company did not trade throughout the financial period from 29 April 2002 to 31 December 2002 and will remain dormant for the foreseeable future.

The Directors do not recommend the payment of a dividend (year ended 28 April 2002 : £nil).

### Directors and their interests

The Directors of the Company who served during the period were as follows:

C D L Williams	(resigned 4 October 2002)
S J Back	(resigned 7 October 2002)
S Pyper	(appointed 7 October 2002)
M Taylor	(appointed 4 October 2002)

During the current financial period, as a result of the acquisition by Musgrave Group plc, directors of the company who had options outstanding over the ordinary shares in Budgens plc exercised all their options prior to its delisting on 16 September 2002.

As all the directors were directors of Budgens Stores Limited the exercise of these options are disclosed in its directors report.

The directors who held office at the end of the financial period have no other interests in any body corporate in the Musgrave Group plc group.

# Budgen Holdings Limited

Annual report for the period ended 31 December 2002

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## DIRECTORS' REPORT (CONTINUED)

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the financial period from 29 April 2002 to 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

### Auditors

The directors appointed PricewaterhouseCoopers LLP as auditors on 12 September 2003. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

### By order of the Board

R Hare



Company Secretary  
9 December 2003

## **Independent auditors' report to the members of Budgen Holdings Limited**

We have audited the financial statements which comprise the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 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..

**Independent auditors' report to the members of  
Budgen Holdings Limited (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.



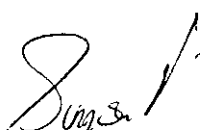
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
West London  
9 December 2003

# Budgen Holdings Limited

## BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	31 December 2002 £'000	Restated 28 April 2002 £'000
<b>Fixed assets</b>			
Investments	5	13,087	13,087
<b>Current assets</b>			
<b>Debtor: amount due after more than one year</b>			
Amount due from immediate parent undertaking		41,184	41,184
<b>Total assets</b>		<u>54,271</u>	<u>54,271</u>
<b>Creditors: amounts falling due after more than one year</b>	6	(32,253)	(32,253)
<b>Net assets</b>		<u>22,018</u>	<u>22,018</u>
<b>Capital and reserves</b>			
Called up share capital	7	18,900	18,900
Profit and loss account	8	3,118	3,118
<b>Equity Shareholders' Funds</b>	9	<u>22,018</u>	<u>22,018</u>

The financial statements on pages 6 to 10 were approved by the Board of Directors on 9 December 2003 and were signed on its behalf by:



S Pyper  
Director

# Budgen Holdings Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 29 April 2002 to 31 December 2002

### 1. Principal accounting policies

The financial statements are prepared under the historical cost convention and are in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis. The following are the principal accounting policies used by the company, which, unless otherwise stated, are consistent with those of the previous years.

#### **Consolidation**

The financial statements contain information about Budgen Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Musgrave Group plc, a company registered in the Republic of Ireland.

#### **Investments**

Investments are carried at cost and are subject to an annual review for impairment in accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill".

### 2. Profit and Loss Account

The Company did not trade during the current financial period ended 31 December 2002 or the preceding financial year ended 28 April 2002 and therefore no profit and loss account is presented.

### 3. Auditors' remuneration

The auditors' remuneration for the current financial period ended 31 December 2002 was borne by parent undertaking, Budgens Limited. For the preceding financial year ended 28 April 2002, members had not required the Company to obtain an audit of the financial statements in accordance with section 249B(2) of the Companies Act 1985.

### 4. Directors' emoluments and employee information

In respect of the Company, none of the directors received any emoluments in respect of their services during the current financial period (year ended 28 April 2002 : £nil). All directors are either employees of Budgens Limited or Budgens Stores Limited and were remunerated by the respective companies for their services as Budgens' employees.

During the financial period 3 directors exercised options over 10p shares of Budgens plc (year ended 28 April 2002: nil).

The Company employed no staff during the current financial period (year ended 28 April 2002 : nil).

## Budgen Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

#### 5. Investments

##### Investment in subsidiary undertakings:

	31 December 2002 £'000	Restated 28 April 2002 £'000
Cost and net book value At 31 December 2002 and 28 April 2002	13,087	13,087

As at 31 December 2002, the company's principal subsidiary undertakings were:

	Proportion of voting rights	Proportion of ordinary allotted share capital	Country of operation	Nature of business
Murdoch Norton Limited	100%	100%	England and Wales	Dormant
Bishop's Group Limited	100%	100%	England and Wales	Dormant
Budgens Stores Limited	100%	*100%	England and Wales	Retailing
Gilsons the Bakers Limited+	100%	*100%	England and Wales	Dormant
Carter & Son (Farringdon) Limited	100%	*100%	England and Wales	Dormant
Neighbourhood Stores plc	100%	*100%	England and Wales	Retailing
Linnco Limited	100%	*100%	England and Wales	Retailing
L C Seward & Sons Limited	100%	*100%	England and Wales	Retailing
Teleshop Services Limited	100%	*100%	England and Wales	Retailing
Teleshop Trade Limited	100%	*100%	England and Wales	Dormant
Teleshop Direct Limited	100%	*100%	England and Wales	Dormant
Local Convenience Stores Limited	50%	*50%	England and Wales	Retailing

Shares in subsidiary undertakings are held directly by the company, apart from those marked \* above, that are held indirectly via other subsidiary undertakings.

Gilsons the Bakers Limited marked + above is a dormant company and its trading results are in Budgens Stores Limited.

# Budgen Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

### 6. Creditors: amounts falling due after more than one year

	31 December 2002 £'000	Restated 28 April 2002 £'000
Amount due to immediate parent undertaking	(20,753)	(20,753)
Amounts due to subsidiary undertakings	(11,500)	(11,500)
	<u>(32,253)</u>	<u>(32,253)</u>

### 7. Share capital

	31 December 2002 £'000	28 April 2002 £'000
<b>Authorised:</b>		
19,000,000 ordinary shares of £1 each	<u>19,000</u>	<u>19,000</u>
<b>Allotted, called up and fully paid:</b>		
18,900,000 ordinary shares of £1 each	<u>18,900</u>	<u>18,900</u>

### 8. Reserves

	Profit and loss account £'000
At 28 April 2002 – as previously stated	3,184
Prior year adjustment in relation to restatement of investment in subsidiary undertakings (note 13)	(66)
As at 28 April 2002 - restated	<u>3,118</u>
Results for the period	-
<b>As at 31 December 2002</b>	<u><b>3,118</b></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial period from 29 April 2002 to 31 December 2002

**9. Reconciliation of movements in shareholders' funds**

	<b>31 December</b>	Restated
	<b>2002</b>	28 April
	<b>£'000</b>	2002
		£'000
Opening shareholders' funds	22,018	22,084
Prior year adjustment in relation to restatement of investment in subsidiary undertakings (note 13)	-	(66)
	-----	-----
Closing shareholders' funds	<u>22,018</u>	<u>22,018</u>

**10. Contingent liabilities**

The company has guaranteed bank borrowings of £311,145,000 (28 April 2002: Nil) of group undertakings by way of cross-guarantee in connection with the company's parent undertakings and certain other group undertakings.

**11. Cash flow statement and related party disclosures**

The Company is a wholly owned subsidiary undertaking of Musgrave Group plc and is included in the consolidated financial statements of Musgrave Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing cash flow statement under the terms of FRS1 (revised 1996). The Company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Musgrave Group plc or investees of the Musgrave Group plc.

**12. Ultimate parent undertaking**

The Company's immediate parent undertaking is Budgens Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Musgrave Group plc, a company registered in the Republic of Ireland. The smallest and largest group which consolidates the results of the Company is Musgrave Group plc. Copies of the annual report and group financial statements of Musgrave Group plc are available to the public from the registered office at Ballycurreen, Airport Road, Cork, Ireland.

**13. Prior year adjustments**

The company restated its investments in subsidiary undertakings to be in line with the underlying legal documents during the current financial period, as a result, the comparatives of investments, amounts due to and receivable from parent undertaking have been restated. In the prior year, the investments, amounts due from and due to parent undertaking were £ nil, £41,470,000 and (£19,386,000) respectively. This restatement has had a net impact of reducing net assets by £66,029.