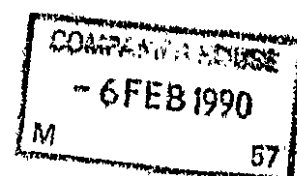


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ERNEST JACKSON & CO. LIMITED

REPORT AND ACCOUNTS

31ST MARCH, 1989



ERNEST JACKSON & CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the 52 weeks ended 31st March, 1989.

ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Bassett Foods plc. On 3rd March, 1989 the whole of the issued share capital of Bassett Foods plc was acquired by Cadbury Schweppes PLC, a company incorporated in Great Britain. The directors regard Cadbury Schweppes PLC as the company's ultimate holding company.

ACTIVITY

The principal activity of the company is the manufacture, distribution and sale of medicated pastilles and lozenges.

RESULTS

The results for the period are set out in the profit and loss account on page 4. The directors consider that the company's state of affairs at the period end is satisfactory.

DIVIDENDS

No dividend is recommended by the directors (1988:£325,240).

DIRECTORS

The following were directors of the company throughout the period (except as otherwise stated):

H. B. Stokes      resigned 31. 8.89  
L. C. Walker  
N. Hockey  
B. S. Kellett

None of the directors had an interest in the shares of the company. Mr. Stokes was a director of the immediate holding company, Bassett Foods plc, during the period, and his shareholding in Bassett Foods plc is disclosed in that company's accounts.

According to the register required to be kept under section 325 of the Companies Act 1985, the remaining directors had no interests in the 25p ordinary shares of Bassett Foods plc, the immediate holding company, at 31st March, 1989, save that L.C. Walker, B.S. Kellett and N. Hockey held options under the Bassett Foods plc 1986 share option scheme to subscribe for 15,000, 10,000 and 10,000 25p ordinary shares respectively.

In accordance with Cadbury Schweppes PLC's unconditional rights to acquire the entire share capital of Bassett Foods plc, directors' interests in the shares of Bassett Foods plc were subsequently relieved at the rate of 8 Cadbury Schweppes' shares of 25p each for every 5 Bassett ordinary shares of 25p held or 536p per share held.

FUTURE PROSPECTS

The directors believe that there is considerable scope for the further development and distribution of medicated pastilles and lozenges, both in the United Kingdom and overseas.

ERNEST JACKSON & CO. LIMITED

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The company continues to direct its research and development activities towards the improvement of quality and presentation of its existing range, and to product innovation and process improvement.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

DONATIONS

During the period the company made charitable donations of £1,005 (1988-£69).

EMPLOYEES

The company recognises the importance of good communication with employees. Applications for employment by disabled persons are always fully considered having regard to the particular aptitudes and abilities of applicants and the company's requirements. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. The training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

CLOSE COMPANY STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988 and there has been no change in this respect since 31st March, 1989.

AUDITORS

During the period the company's previous auditors, Touche Ross & Co., resigned, and Coopers & Lybrand were appointed by the directors to fill the vacancy arising. A resolution to re-appoint Coopers & Lybrand will be proposed at the annual general meeting.

By order of the board



Secretary

29th November, 1989

REPORT OF THE AUDITORS TO THE MEMBERS

of

ERNEST JACKSON & CO. LIMITED

We have audited the accounts on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March, 1989 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants

Bristol  
29th November, 1989.

ERNEST JACKSON & CO. LIMITED

PROFIT AND LOSS ACCOUNT

52 weeks ended 31st March, 1989

	Notes	<u>1989</u> £	<u>1988</u> £
Turnover	1	6,111,094	5,551,314
Cost of sales		(4,110,252)	(3,840,990)
		<hr/>	<hr/>
Gross profit		2,000,842	1,710,324
Distribution costs		(891,011)	(694,875)
Administrative expenses		(503,640)	(492,214)
		<hr/>	<hr/>
Operating profit		606,191	523,235
Interest payable	3	(29,895)	(13,204)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	576,296	510,031
Tax on profit on ordinary activities	6	(243,654)	(184,791)
		<hr/>	<hr/>
Profit for the financial year		332,642	325,240
Dividend		-	(325,240)
		<hr/>	<hr/>
Retained profit		332,642	-
Profit and loss account brought forward		1,207,132	1,207,132
		<hr/>	<hr/>
Profit and loss account carried forward		£1,539,774 =====	£1,207,132 =====

The notes on pages 7 to 13 form part of these accounts

Auditors' report, page 3

ERNEST JACKSON & CO. LIMITED

BALANCE SHEET - 31st March, 1989

	Notes	<u>1989</u> £	<u>1988</u> £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,410,881	1,095,984
Investment in subsidiary	8	<u>2</u>	<u>2</u>
		<u>1,410,883</u>	<u>1,095,986</u>
<b>CURRENT ASSETS</b>			
Stocks	9	955,078	664,773
Debtors	10	1,295,201	1,131,110
Amounts owed by group companies		89,681	-
Cash at bank and in hand		<u>879</u>	<u>870</u>
		<u>2,340,839</u>	<u>1,796,753</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Bank overdraft		(232,577)	(35,282)
Trade creditors		(1,349,670)	(830,735)
Amounts owed to group companies		(177,499)	(125,771)
Other creditors including taxation and social security	11	(328,174)	(214,637)
Proposed dividend		<u>-</u>	<u>(325,240)</u>
		<u>(2,087,920)</u>	<u>(1,531,665)</u>
<b>NET CURRENT ASSETS</b>		<u>252,919</u>	<u>265,088</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,663,802</u>	<u>2,361,074</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	-	(41,656)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(33,170)</u>	<u>(21,428)</u>
		<u>£1,630,632</u>	<u>£1,297,990</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	39,735	39,735
Other reserves		51,123	51,123
Profit and loss account		<u>1,539,774</u>	<u>1,207,132</u>
		<u>£1,630,632</u>	<u>£1,297,990</u>

The accounts were approved by the board on 29th November, 1989.

*[Signature]*  
*[Signature]*  
 )  
 ) Directors  
 )

Notes on pages 7 to 13 form part of these accounts.  
 Auditors' report, page 3.

ERNEST JACKSON & CO. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

52 weeks ended 31st March, 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	576,296	510,031
Adjustments for items not involving the movement of funds:		
Depreciation	129,739	172,991
Loss on disposal of tangible fixed assets	118	2,386
	<hr/>	<hr/>
Total generated from operations	706,153	685,408
Sale of tangible fixed assets	30,092	23,075
Increase/(decrease) in creditors (excluding taxation)	534,553	(34,812)
Decrease in amounts owed by group companies (excluding group relief)	-	37,663
	<hr/>	<hr/>
	1,270,798	711,334
APPLICATION OF FUNDS		
Dividend paid	325,240	-
Tax paid	27,235	72,307
Purchase of tangible fixed assets	474,846	390,604
Decrease in amounts owed to group companies (excluding group relief)	96,686	-
Increase in amounts owed by group companies (excluding group relief)	89,681	-
Increase in debtors	164,091	283,632
Increase in stocks	290,305	(23,888)
	<hr/>	<hr/>
	1,468,084	722,655
DECREASE IN NET LIQUID FUNDS		
	(197,286)	(11,321)

(Net liquid funds comprise cash and bank balances less bank overdrafts)

Auditors' report, page 3.

ERNEST JACKSON & CO. LIMITED

ACCOUNTING POLICIES

52 weeks ended 31st March, 1989

Accounting Convention

The accounts are prepared under the historical cost convention.

Tangible Fixed Assets

Fixed assets are shown at cost.

Depreciation, calculated on cost, is provided on a straight line basis over the expected useful life of the asset.

The rates of depreciation per annum are:

Freehold buildings	2%
Plant	12.5%
Motor vehicles	25%

Freehold land is not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and comprises materials, direct labour and appropriate production overheads. Provision is made, where necessary, for slow moving, obsolete or defective stocks.

Deferred Taxation

Provision is made for deferred taxation under the liability method on all timing differences, except to the extent that any deferral of tax may reasonably be expected to continue for the foreseeable future.

Pension Costs

It is the policy of the company to fund pension liabilities by payments into the Bassett Foods Pension and Life Assurance Scheme. Payments made to the trustees comprise current and past service contributions and are charged in the accounts as they fall due.

Research and Development Expenditure

Research and development expenses are charged against revenue in the period in which they are incurred.



ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

1. TURNOVER

Turnover represents amounts invoiced to customers net of discounts and value added tax.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1989</u>	<u>1988</u>
	£	£
Depreciation	129,739	172,991
Directors' emoluments, including pension contributions:		
For management	112,735	134,369
Auditor's remuneration	9,500	9,750
	=====	=====

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1989</u>	<u>1988</u>
	£	£
Overdraft interest	-	8,581
Group interest payable	29,895	4,623
	29,895	13,204
	=====	=====

4. EMPLOYEES' REMUNERATION

Information relating to employees (including executive directors) is as follows:

	<u>1989</u>	<u>1988</u>
	£	£
Employee costs during the period amounted to:		
Wages and salaries	1,093,429	985,255
Social security costs	83,458	72,695
Other pension costs	26,000	57,673
	1,202,887	1,115,623
	=====	=====

No employee had emoluments of over £30,000 in the period (1988 - NIL).

The average number of persons employed by the company during the period was 150 (1988:161).

ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

5. DIRECTORS' REMUNERATION

The directors' emoluments (excluding pension contributions) were:

	<u>1989</u> £	<u>1988</u> £
The Chairman	-	-
The highest paid director	40,864 =====	38,537 =====

The other directors had emoluments within the indicated ranges:

£ 5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£30,001 - £35,000	2	2

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u> £	<u>1988</u> £
Corporation tax at 35% (1988 - 35%) based on the profit for the period	225,713	182,235
Deferred taxation	11,742	4,285
Adjustment to prior period taxation	6,199	(1,729)
	<u>243,654</u> =====	<u>184,791</u> =====

ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

7. TANGIBLE FIXED ASSETS

a) Movement in the period

	Freehold Land and Buildings £	Plant & Motor Vehicles £	Total £
<u>Cost</u>			
At 2nd April, 1988	486,716	1,293,831	1,780,547
Additions	75,136	399,710	474,846
Disposals	-	(118,895)	(118,895)
	<hr/>	<hr/>	<hr/>
At 31st March, 1989	561,852	1,574,646	2,136,498
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 2nd April, 1988	37,834	646,729	684,563
Charge for the period	10,082	119,657	129,739
Disposals	-	(88,685)	(88,685)
	<hr/>	<hr/>	<hr/>
At 31st March, 1989	47,916	677,701	725,617
	<hr/>	<hr/>	<hr/>
<u>Net book value</u>			
At 31st March, 1989	513,936	896,945	1,410,881
	<hr/>	<hr/>	<hr/>
At 1st April, 1988	448,882	647,102	1,095,984
	<hr/>	<hr/>	<hr/>

b) Capital commitments

At 31st March, 1989, the directors had authorised capital expenditure against which orders had been placed of £421,592 (1988:£113,419).

ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

8. INVESTMENT IN SUBSIDIARY

£

Investment at cost at 1st April 1988 and 31st March, 1989.

2

===

The investment represents a 100% shareholding in Arcadian of Devon Limited, a company incorporated in Great Britain.

Consolidated accounts have not been prepared, since the company is itself a wholly owned subsidiary of Bassett Foods plc, a company incorporated in Great Britain.

9. STOCKS

	<u>1989</u>	<u>1988</u>
	£	£
Raw materials and consumables	455,696	322,841
Work in progress	83,449	71,393
Finished goods and goods for resale	<u>415,933</u>	<u>270,539</u>
	955,078	664,773
	=====	=====

In the directors' opinion, there was no material difference between the balance sheet value of stocks and their replacement cost at the balance sheet dates.

10. DEBTORS

	<u>1989</u>	<u>1988</u>
	£	£
Trade debtors due within one year	1,287,979	1,125,080
Prepayments	<u>7,222</u>	<u>6,030</u>
	1,295,201	1,131,110
	=====	=====

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	<u>1989</u>	<u>1988</u>
	£	£
Corporation tax	118,264	20,344
Taxation and social security	96,484	107,680
Other creditors	<u>113,426</u>	<u>86,613</u>
	328,174	214,637
	=====	=====

ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1989</u>	<u>1988</u>
	£	£
Corporation tax	-	41,656
	=====	=====

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1989</u>	<u>1988</u>
	£	£
Deferred taxation:		
Balance at 1st April, 1988	21,428	17,143
Profit and loss account	<u>11,742</u>	<u>4,285</u>
Balance at 31st March, 1989	<u>33,170</u>	<u>21,428</u>
	=====	=====

The amounts provided and unprovided for deferred taxation are:

	<u>1989</u>		<u>1988</u>	
	Amount provided £	Amount unprovided £	Amount provided £	Amount unprovided £
Capital allowances in excess of depreciation	33,170	74,780	75,000	56,000
Unrelieved advance corporation tax	-	-	(53,572)	-
	<u>33,170</u>	<u>74,780</u>	<u>21,428</u>	<u>56,000</u>
	=====	=====	=====	=====

14. CALLED UP SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
	£	£
Authorised:		
3.5% preference shares of £1 each	3,000	3,000
Ordinary shares of £1 each	<u>47,000</u>	<u>47,000</u>
	<u>50,000</u>	<u>50,000</u>
	=====	=====
Allocated and fully paid:		
3.5% preference shares of £1 each	1,735	1,735
Ordinary shares of £1 each	<u>38,000</u>	<u>38,000</u>
	<u>39,735</u>	<u>39,735</u>
	=====	=====

ERNEST JACKSON & CO. LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 31st March, 1989

15. CONTINGENT LIABILITIES

The company has guaranteed certain group bank overdrafts and borrowings in Great Britain, amounting to £7,529,615.

16. ULTIMATE HOLDING COMPANY

The company regards Bassett Foods plc as its immediate holding company and its ultimate holding company as Cadbury Schweppes PLC, both of which are incorporated in Great Britain.

Auditors' report, page 3.