

Company Registration No. 58397

TOWERS & CO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



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TOWERS & CO LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Principal Activities

The Company is principally engaged in the wholesale, importing and distribution of meat and poultry.

Results and Review of Operations

The Company made a pre-tax profit for the year of £1,096,000 (1999: £1,054,000).

Dividend

An interim dividend of £200,000 (1999: £400,000) has been paid for the year. The directors recommend the payment of a final dividend of £400,000 (1999: £nil), making a total of £600,000 (1999: £400,000) for the year.

Directors and Directors' Interests

Details of directors who held office during the financial year, and their beneficial interests in the shares of the ultimate parent company at the beginning and end of the financial year as recorded in the register of directors' shares and debenture interests, are:

	Towers Thompson Holdings Ltd £0.10 Ordinary Shares 1 January and 31 December 2000
D L Clark	225,000
T G Goddard	300,000
A P Thompson	*420,000
D W Berry	165,000
P Dolan	165,000

*Includes 120,000 ordinary shares in which A P Thompson has a non beneficial interest.

None of the directors held any shares in Towers & Co Limited during the year.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of the company, or any other group company, were granted to any of the directors or their immediate families, or exercised by them in the year.

Political and Charitable Donations

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £3,000 (1999: £3,000).

TOWERS & CO LIMITED
DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2000

Employment of Disabled Persons

The Company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

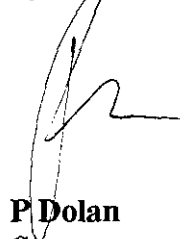
Employees

The Company considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and of the Company as a whole.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG will therefore continue in office.

By order of the Board



P Dolan
Secretary

29 May 2001

TOWERS & CO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2000

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 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 a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

TOWERS & CO LIMITED

AUDITORS REPORT TO THE MEMBERS OF TOWERS & CO LIMITED

We have audited the financial statements on pages 5 to 17.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
Aquis Court
31 Fishpool Street
St. Albans
Hertfordshire
AL3 4RF

30 MAY 2001

TOWERS & CO LIMITED

Profit and Loss Account

For the Year Ended 31 December 2000

	<i>Note</i>	2000 £'000	1999 £'000
Turnover	2	105,720	105,394
Cost of Sales		(93,294)	(92,648)
Gross Profit		<u>12,426</u>	<u>12,746</u>
Distribution Expenses		(2,496)	(2,893)
Administrative Expenses		<u>(8,088)</u>	<u>(8,629)</u>
Operating Profit	4	1,842	1,224
Loss on sale and closure of continuing operations	5	(511)	-
Profit on Ordinary Activities before interest		<u>1,331</u>	<u>1,224</u>
Interest Receivable and Similar Income	6	26	34
Interest Payable and Similar Charges	7	<u>(261)</u>	<u>(204)</u>
Profit on Ordinary Activities Before Taxation		1,096	1,054
Tax on Profit on Ordinary Activities	8	<u>(52)</u>	<u>(230)</u>
Profit on Ordinary Activities After Taxation		<u>1,044</u>	<u>824</u>
Profit for the Financial Year		1,044	824
Dividends	9	<u>(600)</u>	<u>(400)</u>
Retained Profit for the Financial Year	18	<u><u>444</u></u>	<u><u>424</u></u>

All of the company's activities are derived from continuing operations. There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

TOWERS & CO LIMITED

BALANCE SHEET

As at 31 December 2000

	<i>Note</i>	2000	1999
		£'000	£'000
Fixed Assets			
Tangible Assets	10	1,160	1,180
Investments	11	1,570	1,570
		2,730	2,750
Current Assets			
Stocks	12	7,557	9,298
Debtors	13	17,743	17,946
Cash at Bank and in hand		744	574
		26,044	27,818
Creditors due within one year	14	(13,322)	(15,934)
Net Current Assets		12,722	11,884
Total Assets Less Current Liabilities		15,452	14,634
Creditors due after one year	15	(372)	-
Provisions for liabilities and charges	16	(200)	(200)
Net Assets		14,880	14,434
Capital and Reserves			
Called Up Share Capital	17	13,549	13,549
Profit and Loss Account	18	1,331	885
Shareholders' Funds		14,880	14,434

These financial statements were approved by the board of directors on 29 May 2001 and were signed on its behalf by:

Terry G Goddard
Director

TOWERS & CO LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

For the Year ended 31 December 2000

	2000 £'000	1999 £'000
Profit after tax for the Financial Year	1,044	824
Dividend paid and proposed	(600)	(400)
	444	424
Translation gain/(loss)	2	(54)
Net Addition to Shareholders' Funds	446	370
Opening Shareholders' Funds	14,434	14,064
Closing Shareholders' Funds	14,880	14,434

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000

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 accounts have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the cash flows of the company in its own published consolidated cash flow statement.

As the company is a wholly owned subsidiary of Towers Thompson Holdings Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The consolidated financial statements of Towers Thompson Holdings Limited, within which this company is included, are available to the public and can be obtained from Turnford Place, Great Cambridge Road, Turnford, Hertfordshire, EN10 6NH.

Turnover

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable.

Depreciation

The cost or valuation of tangible fixed assets is written off on a straight line basis over their estimated useful lives. Principal rates of depreciation in use by the company are:-

Freehold Buildings	-	50 - 100 years
Leasehold Property	-	Period of Lease
Plant and Equipment	-	15%-20%
Motor Vehicles	-	20%-25%

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

1. ACCOUNTING POLICIES - (Continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price including freight, insurance, landing charges and transport.

Deferred Taxation

Provision is calculated under the liability method for deferred tax resulting from timing differences between profits computed for tax purposes and profits as stated in the accounts. Provision is made to the extent that the liability is expected to crystallise in the foreseeable future.

Lease Purchase and operating leases

Assets held under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the life of the lease.

Pension Costs

The company principally operates two pension schemes, details of which are set out in note 3.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2. ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION

All the company's turnover and profit before taxation is derived from the company's main activity, meat and poultry wholesaling.

Turnover is analysed by geographical market as follows:

	2000 £'000	1999 £'000
United Kingdom	91,944	93,536
Europe	<u>13,776</u>	<u>11,858</u>
	<u>105,720</u>	<u>105,394</u>

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

3. EMPLOYEES AND DIRECTORS

	2000	1999
	£'000	£'000
Wages and Salaries	4,950	4,756
Social Security Costs	445	439
Other Pension Costs	121	106
	<u>5,516</u>	<u>5,301</u>

The Group principally operates two Pension Schemes, the Towers Thompson Limited Retirement and Death Benefit Scheme (the Towers Scheme) and the John Silver Limited Pension & Life Assurance Scheme (the John Silver Scheme). The Schemes Funds are administered by Trustees who are independent of the Group's finances.

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £91,000 (1999: £85,000) reflects the amount of contributions paid during the 2000 calendar year.

The pension costs in respect of the John Silver Scheme have been assessed in accordance with the advice of a qualified actuary projected unit and credit method. The pension costs for 2000 were £29,000 (1999: £20,000).

An actuarial review of the John Silver Scheme was carried out as at 31 October 1999 with the principle actuarial assumptions being that investment returns will exceed price inflation by 5% per annum and salary escalation by 2.5% per annum with pensions in payment increasing as required by statute and in accordance with the rules of the Scheme. At the date of this review the value of the assets was £985,000 which is sufficient to cover 113% of the benefits accrued to members (after allowing for future salary increases).

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

3. EMPLOYEES AND DIRECTORS (Continued)

The average number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Management	6	6
Administration	34	47
Production & Distribution	191	188
	<u>231</u>	<u>241</u>

The emoluments of the directors were as follows:

	2000	1999
	£'000	£'000
Remuneration paid to executive directors	642	676
Pension Contributions	12	17
	<u>654</u>	<u>693</u>

The remuneration paid to the Chairman, who is also the highest paid director, excluding pension contributions, amounted to £180,000 (1999: £187,000). Pension contributions of £2,000 (1999: £5,000) were paid on behalf of the Chairman during the year.

Retirement benefits are accruing to the following number of directors under the following schemes:

	2000	1999
Defined Benefit Scheme	<u>5</u>	<u>5</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£'000	£'000
Auditors' remuneration:		
Audit	53	77
Other Services	8	86
Operating lease charges:		
Land & Buildings	463	480
Other	393	486
Depreciation – owned assets	264	308
- leased assets	28	-
Loss/(Profit) on disposal of fixed assets	<u>138</u>	<u>(12)</u>

TOWERS & CO LIMITED**NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2000 (continued)

5. LOSS ON SALE AND CLOSURE OF CONTINUING OPERATIONS

	2000	1999
	£'000	£'000
Loss on disposal of fixed assets	194	-
Closure costs	317	-
	<u>511</u>	<u>-</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£'000	£'000
On Bank Deposits	-	8
On Inter-company Loans	26	26
	<u>26</u>	<u>34</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£'000	£'000
On Bank Loans and Overdrafts	261	197
Other Interest	-	7
	<u>261</u>	<u>204</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£'000	£'000
Corporation Tax at 30.00% (1999: 30.25%)	200	230
Over provision from prior years	(148)	-
	<u>52</u>	<u>230</u>

TOWERS & CO LIMITED
NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

9. DIVIDENDS

	2000	1999
	£'000	£'000
Interim Dividends on Ordinary Shares – paid	200	400
Final Dividends on Ordinary Shares – proposed	400	-
	<u>600</u>	<u>400</u>

10. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant equipment and vehicles £'000	Total £'000
Cost or Valuation				
At 1 January 2000	574	127	5,124	5,825
Additions	20	-	646	666
Disposals	(455)	-	(2,292)	(2,747)
At 31 December 2000	<u>139</u>	<u>127</u>	<u>3,478</u>	<u>3,744</u>
Depreciation				
At 1 January 2000	176	66	4,403	4,645
Reclassification	(18)	20	(2)	-
Charge For Year	3	16	273	292
Disposals	(161)	-	(2,192)	(2,353)
At 31 December 2000	<u>-</u>	<u>102</u>	<u>2,482</u>	<u>2,584</u>
Net Book Value				
At 31 December 2000	<u>139</u>	<u>25</u>	<u>996</u>	<u>1,160</u>
At 31 December 1999	<u>398</u>	<u>61</u>	<u>721</u>	<u>1,180</u>

The net book value of leased assets is £435,000 within plant, equipment and vehicles (1999: £nil). Depreciation charged to the profit and loss account on these assets during the year was £28,000 (1999: £nil).

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

11. FIXED ASSET INVESTMENTS

Shares in
Subsidiary
Undertakings
£'000

At 1 January and 31 December 2000

1,570

Details of the principal subsidiary undertakings are listed in Note 21.

12. STOCKS

	2000 £'000	1999 £'000
Raw Materials and Consumables	-	65
Finished Goods	<u>7,557</u>	<u>9,233</u>
	<u>7,557</u>	<u>9,298</u>

13. DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade Debtors	9,199	9,044
Amounts owed by Group Undertakings	8,340	8,287
Other Debtors	185	444
Prepayments and accrued income	19	171
	<u>17,743</u>	<u>17,946</u>

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

14. CREDITORS DUE WITHIN ONE YEAR

	2000	1999
	£'000	£'000
Lease purchase	92	-
Bank Overdrafts	1,812	4,507
Trade Creditors	4,834	5,356
Amounts owed to Group Undertakings	2,025	1,584
Corporation Tax	90	144
Other Taxes and Social Security	260	296
Other Creditors	414	367
Accruals and Deferred Income	3,795	3,680
	13,322	15,934

The majority of the Company's bank overdrafts are secured by a debenture.

15. CREDITORS DUE AFTER ONE YEAR

	2000	1999
	£'000	£'000
Lease Purchase	372	-

The lease purchase creditor is repayable as follows:

	£'000
Within one year	92
Between one and two years	92
Between two and five years	280
	464

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Other Provisions £'000
At 1 January and 31 December 2000	<u>200</u>

No deferred tax is provided on the basis that no liability is expected to crystallise in the foreseeable future. The group does not recognise the deferred tax asset in the financial statements. The unprovided balance is analysed below:

	2000 £'000	1999 £'000
Accelerated capital allowances	(237)	(291)
Other timing differences	(53)	(114)
	<u>(290)</u>	<u>(405)</u>

17. SHARE CAPITAL

	At 1 January and 31 December 2000 £'000
Equity: Authorised	
17,000,000 ordinary shares at £1 each	<u>17,000</u>
Equity: Allotted, called up and fully paid	
13,548,673 ordinary shares at £1 each	<u>13,549</u>

18. RESERVES

Profit and Loss Account

	£'000
At 1 January 2000	885
Profit for the year	444
Translation gain	2
At 31 December 2000	<u><u>1,331</u></u>

TOWERS & CO LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2000 (continued)

19. COMMITMENTS

The minimum annual lease payments to which the company was committed under non-cancellable operating leases at 31 December 2000 were as follows:

	Land and buildings		Plant, Equipment & Vehicles	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
On leases expiring:				
Within One Year	60	82	23	70
Between Two and Five Years	187	80	138	134
After Five Years	11	195	-	-
	258	357	161	204

20. ULTIMATE PARENT COMPANY

The ultimate holding company during the year was Towers Thompson Holdings Ltd, a company incorporated in England and Wales. A copy of the accounts is available from the address on page 8. The largest and smallest group in which the results of the company are consolidated is Towers Thompson Holdings Limited.

21. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings all of which are wholly owned are as follows:

Operating Subsidiary	Activity	Ordinary Share Capital
Towers Thompson A/S	Meat Traders	100%
Towers Thompson (Australia) Pty Ltd	Meat Traders	100%
Towers Thompson (New Zealand) Ltd.	Meat Traders	100%

These subsidiaries are incorporated in Denmark, Australia and New Zealand respectively and are included in the consolidated results of the parent company, Towers Thompson Holdings Ltd.