

**Cargill Foods Limited**

**Directors' report and  
financial statements**

22 May 1998

Registered number 222999



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 22 May 1998.

### **Principal activities and business review**

The principal activity of the company during the year was poultry processing and distribution.

### **Dividends and transfer to reserves**

The directors do not recommend the payment of a dividend (1997: £Nil) and the retained profit for the financial year to be transferred to reserves is £13,000 (1997: loss of £2,000).

### **Directors and directors' interests**

The directors during the year were as follows:

PAJ Peyton  
JC Reynolds

According to the Registrar of Directors' Interests, JC Reynolds held one £1 ordinary share in the company 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, during the financial period.

### **Payments to suppliers**

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment.

### **Year 2000**

The company has a project in place to resolve any Year 2000 issues that may affect its operations. This project is addressing IT systems and infrastructure, plant equipment and critical supplies to the business, in accordance with the methodology and deadlines that its parent company is using for all its subsidiaries, which aims to ensure compliance by 31 December 1998. It is not anticipated that any material costs will be incurred in achieving compliance.

### **Euro**

Since there are no current plans for the UK to adopt the Euro, its advent is not expected to present any additional problems for the Company which is already capable of transacting business throughout the world in a variety of foreign currencies. No additional costs are currently anticipated following the planned adoption of the Euro by certain European countries. The company continues to work closely with its key customers to ensure a smooth transition to Euro pricing.

**Directors' report** *(continued)*

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution for the appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

JC Reynolds  
Secretary



Knowle Hill Park  
Fairmile Lane  
Cobham  
Surrey  
KT11 2PD

18 September 1998

## **Statement of directors' responsibilities**

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 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.



100 Temple Street  
Bristol  
BS1 6AG

## Report of the auditors to the members of Cargill Foods Limited

We have audited the financial statements on pages 5 to 10.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of 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 22 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'W. J. M. J.', written over the KPMG logo.

**KPMG**  
Chartered Accountants  
Registered Auditors

18<sup>th</sup> September 1998

**Profit and loss account**  
*for the year ended 22 May 1998*

	<i>Note</i>	1998 £000	1997 £000
Turnover	2	210	1,015
Cost of sales		(204)	(1,016)
		<hr/>	<hr/>
Gross profit/(loss)		6	(1)
Other operating income		15	-
		<hr/>	<hr/>
Operating profit/(loss)		21	(1)
Net interest payable and similar charges	4	(2)	(2)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		19	(3)
Taxation	5	(6)	1
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		13	(2)
		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses other than the result for the year.

The company made no acquisitions and had no discontinued activities in the year.

## Balance sheet

at 22 May 1998

	Note	1998 £000	1997 £000
<b>Current assets</b>			
Debtors	6	1,045	1,072
		<hr/>	<hr/>
		1,045	1,072
<b>Creditors: amounts falling due within one year</b>	7	(17)	(57)
		<hr/>	<hr/>
<b>Net assets</b>		1,028	1,015
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account	9	28	15
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	10	1,028	1,015
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18 September, 1998 and were signed on its behalf by:



PAJ Peyton  
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 under the historical cost convention and in accordance with applicable accounting standards.

The company is a member of a group which has published a consolidated cashflow statement. Accordingly the company is exempt from publishing its own cashflow statement.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. As these realised exchange differences arise from trading activities, they are included in other operating income/expenditure. 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.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### ***Turnover***

Turnover, all of which arose from the company's principal activity, represents amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

#### ***Related party transactions***

In accordance with FRS8, the company is exempt from disclosure of related party transactions with companies whose results are consolidated in the intermediate holding company's report and accounts. Disclosure is provided of related party transactions with non-UK group companies since the report and accounts of the ultimate holding company are not widely available.

**Notes (continued)**

**2 Analysis of turnover and profit on ordinary activities before interest and taxation by geographical market**

	1998		1997	
	Turnover	Operating Profit	Turnover	Operating Loss
	£000	£000	£000	£000
Europe	140	14	845	(1)
Rest of the world	70	7	170	-
	<u>210</u>	<u>21</u>	<u>1,015</u>	<u>(1)</u>

**3 Staff numbers and costs**

The average number of persons (including directors) employed by the company during the year was 2 (1997: 2). No emoluments were paid during the current or preceding year, either to employees or directors.

**4 Net interest payable and similar charges**

	1998 £000	1997 £000
Payable to group undertakings: On short term loan	2	2

**5 Taxation**

	1998 £000	1997 £000
UK corporation tax at 31% (1997: 33%) on the profit/(loss) for the year on ordinary activities	6	(1)

**6 Debtors**

	1998 £000	1997 £000
Amounts falling due within one year		
Trade debtors	12	37
Amounts owed by group undertakings	1,033	1,035
	<u>1,045</u>	<u>1,072</u>

## Notes (continued)

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

	1998 £000	1997 £000
Amounts owed to group undertakings	-	22
Corporation tax	6	-
Other creditors	11	35
	<u>17</u>	<u>57</u>

### 8 Share capital

	1998 £000	1997 £000
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 9 Profit and loss account

	1998 £000
At beginning of year	15
Retained profit for the year	13
	<u>28</u>

### 10 Reconciliation of shareholders' funds

	1998 £000	1997 £000
Profit/(loss) for the financial year	13	(2)
Increase/(decrease) in shareholders' funds	13	(2)
Opening shareholders' funds	1,015	1,017
Closing shareholders' funds	<u>1,028</u>	<u>1,015</u>

## **Notes** *(continued)*

### **11 Related party disclosures**

The company is controlled by Cargill PLC, the intermediate holding company, and is ultimately controlled by Cargill, Incorporated, the ultimate holding company.

The company undertook trade purchases of £Nil during the year (1997: £345,000) with Sun Valley Thailand, a fellow subsidiary of Cargill, Incorporated.

The company undertook trade sales of £12,000 during the year with Cargill Foods France a fellow subsidiary of Cargill, Incorporated. (1997: £Nil).

### **12 Ultimate holding company and parent undertaking**

The largest group in which the results of the company are consolidated is that headed by Cargill, Incorporated, whose consolidated financial statements are not available to the public. The smallest group in which the results of the company are consolidated is that headed by Cargill PLC, registered in England and Wales, whose consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Crown Way, Cardiff.