

Associated Cold Stores and Transport Limited
Annual report
for the year ended 31 December 2003

Registered Number 553154



Associated Cold Stores and Transport Limited

Annual report

for the year ended 31 December 2003

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Associated Cold Stores and Transport Limited

Directors and Advisors for the year ended 31 December 2003

Directors

D Bowley (Chairman)

D K W Watt

A P J Dodd

M L Harness

A J P Sharman

D W Brookes

C H Codling

S Prowse

Secretary

M D Conway

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds

LS1 4JP

Bankers

HSBC Bank plc

Eastcheap

London

EC3M 1ED

Registered Office

Linton Park

Linton

Near Maidstone

Kent

ME17 4AB

Registered Number

553154

Associated Cold Stores and Transport Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activities

The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing.

Review of business and future developments

The profit and loss account for the year is set out on page 5.

Poorer results than expected have resulted from a very difficult year of trading. The company's year end financial position was satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future. It is expected that the company will return to profitability within the next twelve months.

Dividends

No dividends have been paid or proposed for the year ended 31 December 2003 (2002: £280,673).

Directors and their interests

The directors of the company at 31 December 2003 are listed on page 1.

Mr D Bowley is a director of Linton Park plc and his interest in shares and loan stock of other group companies is shown in the Directors' Report of that company. None of the other directors who held office at the end of the year had any interest in the shares of the company, or other group companies as recorded in the Register of Directors' Interests.

Employees

The company's policy is to consult and discuss with employees on any matters likely to affect their interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate. Should any employee become disabled, every practical effort is made to provide continuing employment.

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company. The company has also achieved certification as an Investor in People partly in recognition of the work done in improving the awareness of its employees.

Policy and practice on payment of creditors

In respect of certain suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, to ensure that the suppliers are made aware of the terms and then to abide by those terms.

The company's average creditor payment period at 31 December 2003 was 42 days (2002: 50 days).

Associated Cold Stores and Transport Limited

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. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003, that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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 auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Company Secretary

1st July 2004

Associated Cold Stores and Transport Limited

Independent Auditors' report to the members of Associated Cold Stores and Transport Limited

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes which have been prepared in accordance with the accounting policies as set out in the statement of accounting policies.

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 in to 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.

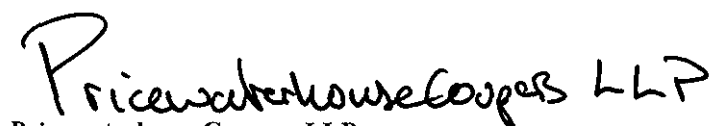
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

23 July 2004

Associated Cold Stores and Transport Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	30,330,627	29,720,505
Cost of sales		(25,374,034)	(23,990,159)
Gross profit		4,956,593	5,730,346
Administrative expenses		(5,442,993)	(4,697,981)
Operating (loss)/profit	2	(486,400)	1,032,365
Interest payable and similar charges	5	(351,773)	(316,044)
(Loss)/profit on ordinary activities before taxation		(838,173)	716,321
Tax on (loss)/profit on ordinary activities	6	195,109	(273,573)
(Loss)/profit on ordinary activities after taxation		(643,064)	442,748
Dividends	7	-	(280,673)
Retained (loss)/profit for the financial year		(643,064)	162,075

All of the operations included in the profit and loss account above relate to continuing operations.

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

Associated Cold Stores and Transport Limited

Statement of total recognised gains and losses for the year ended 31 December 2003

	2003	2002
	£	£
(Loss)/profit for the financial year	(643,064)	442,748
Total unrecognised gains and losses relating to the year	(643,064)	442,748
Prior year adjustment - FRS 19 - deferred taxation	-	(4,262,285)
Prior year adjustment - handling provision	-	(160,777)
Total gains and losses recognised since the last annual report	(643,064)	(3,980,314)

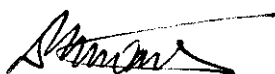
Associated Cold Stores and Transport Limited

Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	23,133,626	24,746,946
Current assets			
Stocks	9	243,634	274,642
Debtors	10	7,024,340	6,842,551
Cash at bank and in hand		7,067	6,043
		7,275,041	7,123,236
Creditors: amounts falling due within one year	11	(9,607,139)	(8,468,971)
Net current liabilities		(2,332,098)	(1,345,735)
Total assets less current liabilities		20,801,528	23,401,211
Creditors: amounts falling due after more than one year	12	(3,569,153)	(4,843,676)
Provisions for liabilities and charges	13	(2,998,013)	(3,680,109)
Net assets		14,234,362	14,877,426
Capital and reserves			
Called up share capital	15	9,000,000	9,000,000
Profit and loss account	16	5,234,362	5,877,426
Equity shareholders' funds	17	14,234,362	14,877,426

The financial statements on pages 5 to 20 were approved by the board of directors on 1st July 2004 and were signed on its behalf by:

Directors




Associated Cold Stores and Transport Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold and leasehold properties.

Cash flow statement

During the year the company was a wholly owned subsidiary of Linton Park plc which publishes consolidated financial statements. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1, Cash Flow Statements, from publishing its own cash flow statement.

Turnover

Turnover represents amounts received and receivable for goods and services supplied to customers during the year, excluding value added tax.

Tangible fixed assets

Depreciation of tangible fixed assets is charged on a straight line basis so as to write off the cost or valuation of the assets, less any residual value, over their expected useful lives, which are as follows:

Freehold buildings	10 - 40 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant and equipment	4 - 24 years
Motor vehicles	4 - 10 years

Freehold land is not depreciated.

In previous years the company's land and buildings have been valued periodically by professional valuers on an open market, existing use basis. The company adopted the transitional arrangements of FRS 15 - Tangible Fixed Assets in a previous year such that no future re-valuations will be carried out although existing valuations have been retained.

Finance and operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under hire purchase contracts. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under hire purchase contracts are depreciated over the useful lives of equivalent owned assets.

Associated Cold Stores and Transport Limited

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision has been made for obsolete and slow moving items.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange are credited or charged directly to the profit and loss account.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to reverse in the future. Deferred tax assets that arise as a result of timing differences are recognised when their future recovery is assessed as being more likely than not. Provision is made at the rate of tax which is expected to be applied when the liability or asset is expected to crystallise. Deferred tax assets and liabilities are not subject to discounting

Pension costs

The cost of providing pensions is charged to the profit and loss account systematically over the periods benefiting from the employees' services in accordance with Statement of Standard Accounting Practice Number 24. Pension arrangements are detailed in note 14.

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 31 December 2003

1 Turnover

	2003	2002
	£	£
Geographical segment		
United Kingdom	29,553,600	29,431,856
EU (other than UK)	777,027	276,899
North America	-	11,750
	30,330,627	29,720,505

2 Operating (loss)/profit

	2003	2002
	£	£
Operating (loss)/profit is stated after crediting:		
Profit on disposal of tangible fixed assets	10,625	3,331
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	2,325,913	2,133,708
Tangible fixed assets held under hire purchase contracts	265,756	128,497
Auditors' remuneration for:		
Audit	24,000	24,000
Hire of plant and machinery - operating leases	316,764	386,962
Hire of other assets - operating leases	1,472,077	1,450,329

Associated Cold Stores and Transport Limited

3 Directors' emoluments

	2003	2002
	£	£
Aggregate emoluments including benefits	473,254	475,479

Retirement benefits are accruing to all of the directors under a defined benefit scheme.

The above emoluments include amounts paid to the highest paid director as follows:

	2003	2002
	£	£
Salary and other emoluments (including benefits in kind)	91,215	89,576
Pension entitlement	31,012	29,025

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2003	2002
	Number	Number
Management	24	21
Administration	48	71
Production and sales	449	365
	521	457

	2003	2002
	£	£
Staff costs (for the above persons)		
Wages and salaries	10,045,464	9,457,013
Social security costs	770,019	674,335
Other pension costs	939,127	970,536
	11,754,610	11,101,884

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5 Interest and similar items

	2003 £	2002 £
Interest payable on bank loans and overdrafts	298,483	291,449
On hire purchase contracts	53,290	24,595
	351,773	316,044

6 Tax on (loss)/profit on ordinary activities

(a) Analysis of tax charge for the year

	2003 £	2002 £
UK corporation tax:		
United Kingdom corporation tax at 30% (2002 30%)	525,499	864,145
Adjustment in respect of previous years	(38,512)	(8,396)
	486,987	855,749
Deferred tax:		
Reversal of timing differences	(724,491)	(588,462)
Adjustment in respect of prior years	42,395	6,286
	(682,096)	(582,176)
(Tax credit)/tax on (loss)/profit on ordinary activities	(195,109)	273,573

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(b) Factors affecting the tax charge for the year

	2003	2002
	£	£
(Loss)/profit on ordinary activities before tax	(838,173)	716,321
Expected tax on ordinary activities at the standard rate of UK corporation tax of 30% (2002: 30%)	(251,452)	214,896
Effects of:		
Adjustment to tax in respect of prior years	(38,512)	(8,396)
Short term timing differences	(11,395)	(52,180)
Shortfall of capital allowances over depreciation	735,886	640,643
Permanent timing differences	52,460	60,786
Current tax charge for the year	486,987	855,749

7 Dividends

	2003	2002
	£	£
Dividends on ordinary shares		
Interim	-	277,500
Final proposed	-	3,173
	-	280,673

Associated Cold Stores and Transport Limited

8 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 31 December 2002	16,845,062	28,313,086	3,601,282	48,759,430
Additions	43,685	372,840	645,249	1,061,774
Transfer between categories	-	(133,792)	133,792	-
Disposals	-	(447,241)	-	(447,241)
At 31 December 2003	16,888,747	28,104,893	4,380,323	49,373,963
Depreciation				
At 31 December 2002	6,954,267	15,225,197	1,833,020	24,012,484
Charge for the year	621,058	1,512,206	458,405	2,591,669
Disposals	-	(363,816)	-	(363,816)
At 31 December 2003	7,575,325	16,373,587	2,291,425	26,240,337
Net book amount				
At 31 December 2003	9,313,422	11,732,306	2,088,898	23,133,626
At 31 December 2002	9,890,795	13,087,889	1,768,262	24,746,946
Cost or valuation at 31 December 2003 is represented by:				
Valuation in				
Prior 1978	(3,675,981)	-	-	(3,675,981)
1978	3,152,957	-	-	3,152,957
1983	327,000	-	-	327,000
Cost	17,084,771	28,104,893	4,380,323	45,569,987
	16,888,747	28,104,893	4,380,323	49,373,963

Land and buildings were valued at open market value for existing use for the purposes of the 1978 and 1983 financial statements.

Associated Cold Stores and Transport Limited

Land and buildings at net book value comprise:

	2003 £	2002 £
Freeholds	8,833,536	9,360,872
Long leaseholds	88,583	99,271
Short leaseholds	391,303	430,652
	9,313,422	9,890,795

If land and buildings had not been revalued they would have been included at the following amounts:

	2003 £	2002 £
Cost	17,084,771	17,041,086
Aggregate depreciation based on cost	(7,632,434)	(7,027,013)
	9,452,337	10,014,073

The net book value of plant and equipment includes an amount of £834,328 (2002: £822,013) in respect of assets held under hire purchase contracts.

9 Stocks

	2003 £	2002 £
Raw materials and consumables	243,634	274,642

10 Debtors

	2003 £	2002 £
Amounts falling due within one year		
Trade debtors	6,428,761	6,298,007
Prepayments and accrued income	595,579	544,544
	7,024,340	6,842,551

Associated Cold Stores and Transport Limited

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	3,788,371	2,903,460
Obligations under hire purchase contracts	215,136	163,247
Trade creditors	2,350,885	2,961,851
Amounts owed to parent and fellow subsidiary undertakings	201,265	1,265
Corporation tax payable	1,076,918	676,199
Other taxation and social security payable	737,609	583,466
Accruals and deferred income	1,236,955	1,176,310
Dividends payable	-	3,173
	9,607,139	8,468,971

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loans	2,720,500	3,929,620
Obligations under hire purchase contracts	590,678	624,667
Accruals	257,975	289,389
	3,569,153	4,843,676

Bank loans and overdrafts

	2003 £	2002 £
Repayable as follows:		
In one year or less	3,788,371	2,903,461
Between one and two years	1,209,120	1,209,120
Between two and five years	1,511,380	2,720,500
	6,508,871	6,833,081

The bank loan of £3,929,620 is repayable by equal quarterly instalments over the period up to January 2007. Interest on the loan is charged at 1% above LIBOR.

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Hire purchase contracts

The net obligations to which the company is committed under hire purchase contracts are as follows:

	2003	2002
	£	£
In one year or less	215,136	163,247
Between one and five years	590,678	624,666
	805,814	787,913

13 Provision for liabilities and charges

The amount provided in respect of deferred taxation comprises:

	Amount provided	
	2003	2002
	£	£
Tax effect of timing differences because of		
Excess of tax allowances over depreciation	3,098,784	3,792,275
Short term timing differences	(100,771)	(112,166)
	2,998,013	3,680,109

Deferred tax is provided on a non-discounted basis at the tax rates expected to apply in the periods in which timing differences arise.

There is no unprovided deferred tax.

14 Pensions

In previous years the company participated in both defined benefit and defined contribution pension schemes operated by Associated Fisheries Limited and funded by contributions from members and from the company. Three years ago the defined contribution scheme ceased as a separate entity and was absorbed into the existing Associated Fisheries Limited defined benefit scheme. Scheme assets are administered by trustees and are kept separate from those of the company, Associated Fisheries Limited and other companies in the Linton Park plc group.

Associated Cold Stores and Transport Limited

The Associated Fisheries Limited defined benefit pension scheme is funded by contributions that are based on pension costs across those participating companies in the Linton Park plc group. The scheme is treated as a defined contribution scheme for the purposes of FRS 17 - Retirement Benefits, as the company is unable to identify its share of underlying assets and liabilities. At the date of the latest actuarial valuation of the Associated Fisheries Limited pension scheme, which was on 1 January 2001, the market value of the assets of the scheme was £56.3 million, representing 166% of the benefits accrued to members allowing for future increases in earnings. The actuarial value of the scheme's assets represented 100% of benefits accrued to members. Further details in relation to the assumptions made in the actuarial valuation can be found in the financial statements of Linton Park plc.

Details of the pension cost charge for the year is disclosed as 'other pension costs' in note 4.

15 Called up share capital

	2003	2002
	£	£
Authorised, allotted, called up and fully paid		
9,000,000 ordinary shares of £1 each	9,000,000	9,000,000

16 Profit and loss account

	£
At 31 December 2002	5,877,426
Loss for the year	(643,064)
At 31 December 2003	5,234,362

Associated Cold Stores and Transport Limited

17 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
(Loss)/profit for the financial year	(643,064)	442,748
Dividends	-	(280,673)
Net (reduction in)/addition to shareholders' funds	(643,064)	162,075
Opening shareholders' funds as previously reported	14,877,426	19,138,413
Prior year adjustment – FRS 19	-	(4,262,285)
Prior year adjustment - handling provision	-	(160,777)
Opening shareholders' funds as restated	14,877,426	14,715,351
Closing shareholders' funds	14,234,362	14,877,426

18 Capital commitments

	2003 £	2002 £
Future capital expenditure		
Contracted but not provided for	9,000	49,000

19 Contingent liabilities

The company has entered into a cross guarantee with Associated Fisheries Limited and certain fellow group undertakings in respect of advances and borrowings from HSBC Bank plc. At 31 December 2003 the aggregate of these advances and borrowings was £1,648,664 (2002: £782,483).

Associated Cold Stores and Transport Limited

20 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other	Land and buildings	Other
	2003	2003	2002	2002
	£	£	£	£
Expiring within one year	4,634	211,521	4,300	167,181
Expiring between two and five years inclusive	-	1,242,033	-	1,019,992
Expiring in over five years	298,846	-	298,537	171,770
	303,480	1,453,554	302,837	1,358,943

21 Related party transactions

The company has taken the exemption provided under FRS 8 - Related Party Transactions, regarding the non-disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent company.

22 Ultimate and immediate parent companies

The directors regard Camellia plc, a company incorporated in Great Britain and registered in England, as the ultimate parent company. The company's immediate parent company is Linton Park plc, a company registered in England, that being the first company in the hierarchy to produce consolidated financial statements. Copies of the ultimate parent company's consolidated financial statements may be obtained from Linton Park, Linton, near Maidstone, Kent, ME17 4AB.