

1503644

Registered

Alembic Products Limited

Financial statements

For the year ended 31 March 2004

Grant Thornton 



Company information

Company registration number	1503644
Registered office	River Lane Saltney Chester CH4 8RQ
Directors	A Simmons J M StJ Harris A V Brown G C Hughes
Secretary	Halkin Secretaries Limited
Bankers	Barclays Bank Plc P O Box 758 Hamilton Road Slough Berkshire
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1st Floor Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2004.

Principal activities and business review

The company manufactures and supplies dressings, sauces and natural oils to the food and food service industries.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>100,000</u>	<u>-</u>

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2004	At 1 April 2003
A Simmons	3,113	3,113
J M StJ Harris	209	209
A V Brown	522	522
G C Hughes	<u>-</u>	<u>-</u>

G C Hughes was appointed as a director on 23 June 2003.

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 of the company at the end of the year and of the profit or loss for the year then ended. 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

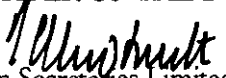
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

 (DIRECTOR)
Halkin Secretaries Limited
Secretary
1.9.2004

Report of the independent auditors to the members of Alembic Products Limited

We have audited the financial statements of Alembic Products Limited for the year ended 31 March 2004 on pages 7 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on pages 3 to 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

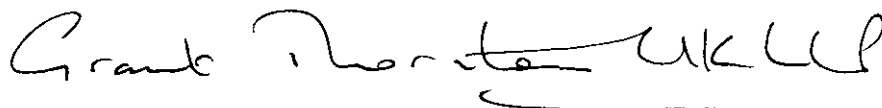
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 March 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LIVERPOOL
.....

1 September 2004.

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiary, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year excluding VAT and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	10% straight line
Fixtures & Fittings	-	12.5 - 20% straight line
Motor Vehicles	-	25% straight line
Office Equipment	-	20% straight line

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account as they become due.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Forward contracts

Open forward contracts are valued collectively at the prices ruling at the year end and provision is made for any net unrealised loss thereon.

Joint ventures

Entities in which the company holds an interest on a long-term basis and which are jointly controlled by the company and another party are treated as joint ventures.

The balance sheet shows the investment at cost.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants assistance of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	19,874,365	16,499,029
Cost of sales		<u>16,259,847</u>	<u>13,058,814</u>
Gross profit		3,614,518	3,440,215
Other operating charges	2	<u>3,054,122</u>	<u>2,945,912</u>
Operating profit	3	560,396	494,303
Income from fixed asset investments	6	60,000	57,000
Interest receivable		-	47
Interest payable	7	<u>(89,678)</u>	<u>(78,711)</u>
Profit on ordinary activities before taxation		<u>530,718</u>	<u>472,639</u>
Tax on profit on ordinary activities	8	174,390	69,624
Profit on ordinary activities after taxation		<u>356,328</u>	<u>403,015</u>
Dividends	9	100,000	-
Retained profit for the financial year		<u>256,328</u>	<u>403,015</u>
Balance brought forward		2,566,617	2,163,602
Balance carried forward		<u>2,822,945</u>	<u>2,566,617</u>

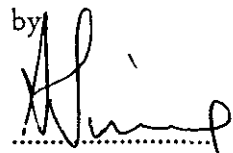
All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	10	3,002,562	3,072,904
Investments	11	1,300	1,300
		<u>3,003,862</u>	<u>3,074,204</u>
Current assets			
Stocks	12	1,080,585	935,780
Debtors	13	3,110,863	2,579,919
		<u>4,191,448</u>	<u>3,515,699</u>
Creditors: amounts falling due within one year	14	3,971,426	3,586,951
Net current assets/(liabilities)		<u>220,022</u>	<u>(71,252)</u>
Total assets less current liabilities		<u>3,223,884</u>	<u>3,002,952</u>
Creditors: amounts falling due after more than one year	15	90,602	179,153
		<u>3,133,282</u>	<u>2,823,799</u>
Provisions for liabilities and charges			
Deferred taxation	17	257,000	203,845
		<u>2,876,282</u>	<u>2,619,954</u>
Capital and reserves			
Called-up equity share capital	20	10,457	10,457
Share premium account		42,880	42,880
Profit and loss account		<u>2,822,945</u>	<u>2,566,617</u>
Shareholders' funds	21	<u>2,876,282</u>	<u>2,619,954</u>

These financial statements were approved by the directors on 1st Sept 2004 and are signed on their behalf by


A Simmons - Director


A V Brown - Director

Cash flow statement

	Note	2004 £	2003 £
Net cash inflow from operating activities	22	725,550	986,929
Returns on investments and servicing of finance	22	(29,678)	(21,664)
Taxation	22	(52,013)	(40,239)
Capital expenditure and financial investment	22	(572,143)	(945,910)
Equity dividends paid		(100,000)	-
Cash outflow before financing		<u>(28,284)</u>	<u>(20,974)</u>
Financing	22	(266,737)	(332,314)
Decrease in cash	22	<u>(295,021)</u>	<u>(353,288)</u>

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	<u>19,874,365</u>	<u>16,499,029</u>

2 Other operating income and charges

	2004 £	2003 £
Administrative expenses	<u>3,054,122</u>	<u>2,945,912</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Amortisation of government grants re fixed assets	(5,000)	(10,000)
Depreciation of owned fixed assets	578,802	448,715
Depreciation of assets held under finance leases and hire purchase agreements	61,671	125,321
Loss on disposal of fixed assets	2,012	256
Auditors' remuneration:		
Audit fees	13,300	14,375
Operating lease costs:		
Vehicles	<u>-</u>	<u>5,380</u>

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2004 No	2003 No
Number of production staff	104	87
Number of selling and distribution staff	5	5
Number of administration and management staff	23	29
Number of technical and development staff	14	16
	<u>146</u>	<u>137</u>

4 Directors and employees (continued)

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	2,743,419	2,519,483
Social security costs	250,052	214,736
Other pension costs	(6,108)	3,108
	<u>2,987,363</u>	<u>2,737,327</u>

5 Directors

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments receivable	<u>224,808</u>	<u>190,953</u>

The amounts set out above include remuneration in respect of the highest paid director of £110,383 (2003: £110,410).

6 Income from fixed asset investments

	2004 £	2003 £
Dividend from joint venture	<u>60,000</u>	<u>57,000</u>

7 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowing	63,510	42,135
Finance charges	26,168	36,576
	<u>89,678</u>	<u>78,711</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year		2004	2003
		£	£
Current tax:			
In respect of the year:			
UK Corporation tax based on the results for the year at 32.75% (2003: 19%)			
		122,000	52,779
(Over)/under provision in prior year		(765)	-
Total current tax		<u>121,235</u>	<u>52,779</u>
Deferred tax:			
(Decrease)/increase in deferred tax provision - current year			
		(4,000)	16,845
Change in rate		57,155	-
Total deferred tax (note 17)		<u>53,155</u>	<u>16,845</u>
Tax on profit on ordinary activities		<u>174,390</u>	<u>69,624</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% to 32.75% (2003: 19%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>530,718</u>	<u>472,639</u>
Profit on ordinary activities at 19% to 32.75% (2003: 19%)	129,495	89,802
Expenses not deductible for tax purposes	1,404	2,083
Excess of capital allowances over depreciation for the year	5,741	(28,276)
Non taxable income - dividend	(14,640)	(10,830)
Adjustments to tax charge in respect of prior periods	(765)	-
Total current tax (note 8(a))	<u>121,235</u>	<u>52,779</u>

9 Dividends

	2004	2003
	£	£
Equity dividends:		
Dividend paid on ordinary shares @ £9.56 per share (2003: £Nil)	<u>100,000</u>	<u>-</u>

10 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 April 2003	4,146,568	1,388,641	178,771	437,944	6,151,924
Additions	438,037	106,721	14,138	26,247	585,143
Disposals	-	-	(31,535)	-	(31,535)
At 31 March 2004	<u>4,584,605</u>	<u>1,495,362</u>	<u>161,374</u>	<u>464,191</u>	<u>6,705,532</u>
Depreciation					
At 1 April 2003	2,025,999	640,060	53,497	359,464	3,079,020
Charge for the year	398,617	149,690	48,586	43,580	640,473
On disposals	-	-	(16,523)	-	(16,523)
At 31 March 2004	<u>2,424,616</u>	<u>789,750</u>	<u>85,560</u>	<u>403,044</u>	<u>3,702,970</u>
Net book value					
At 31 March 2004	<u>2,159,989</u>	<u>705,612</u>	<u>75,814</u>	<u>61,147</u>	<u>3,002,562</u>
At 31 March 2003	<u>2,120,569</u>	<u>748,581</u>	<u>125,274</u>	<u>78,480</u>	<u>3,072,904</u>

Included within the net book value of £3,002,562 is £204,177 (2003: £649,388) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £61,671 (2003: £125,321).

11 Investments

	Subsidiary undertakings £	Joint venture £	Total £
Cost			
At 1 April 2003 and 31 March 2004	<u>800</u>	<u>500</u>	<u>1,300</u>
Net book value			
At 31 March 2004	<u>800</u>	<u>500</u>	<u>1,300</u>
At 31 March 2003	<u>800</u>	<u>500</u>	<u>1,300</u>

11 Investments (continued)

The company owns more than 20% of the allotted share capital of the following undertakings:

Joint venture	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit for the year £
Subsidiary Alembic Foods Ltd	England & Wales	Ordinary	100%	Dormant	800	-
Joint Venture Virani's Indian Kitchen Ltd	England & Wales	Ordinary	50%	Sale of ethnic food dressings	9,475	92,039

12 Stocks

	2004 £	2003 £
Raw materials	612,943	686,788
Finished goods	467,642	248,992
	<u>1,080,585</u>	<u>935,780</u>

13 Debtors

	2004 £	2003 £
Trade debtors	2,704,158	2,202,499
Amounts owed by undertakings in which the company has a participating interest	65,865	30,268
Other debtors	181,333	218,814
Prepayments and accrued income	159,507	128,338
	<u>3,110,863</u>	<u>2,579,919</u>

14 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan and overdraft	980,792	760,671
Trade creditors	2,389,788	2,280,363
Corporation tax	122,000	52,778
Other taxation and social security	81,280	80,127
Amounts due under finance leases and hire purchase agreements	56,019	159,305
Other creditors	148,860	156,615
Accruals and deferred income	192,687	97,092
	<u>3,971,426</u>	<u>3,586,951</u>

15 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loan	-	25,100
Amounts due under finance leases and hire purchase agreements	90,602	154,053
	<u>90,602</u>	<u>179,153</u>

Bank loan

The bank loan is secured by a fixed and floating charge over the company's assets. The bank loan is repayable in equal quarterly instalments by June 2004.

Borrowings are repayable as follows:

	2004 £	2003 £
Within one year		
Bank and other borrowings	980,792	760,671
Finance leases	56,019	159,305
After one and within two years		
Bank and other borrowings	-	25,100
Finance leases	56,019	56,019
After two and within five years		
Finance leases	34,583	98,034
	<u>1,127,413</u>	<u>1,099,129</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	56,019	159,305
Amounts payable between 1 and 2 years	56,019	56,019
Amounts payable between 3 and 5 years	34,583	98,034
	<u>146,621</u>	<u>313,358</u>

17 Deferred taxation

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	203,845	187,000
Profit and loss account movement arising during the year	53,155	16,845
Provision carried forward	<u>257,000</u>	<u>203,845</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004		2003	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	257,000	-	203,845	-
Other timing differences	-	4,000	-	-
	<u>257,000</u>	<u>4,000</u>	<u>203,845</u>	<u>-</u>

Deferred taxation provided in the financial statements is in respect of accelerated capital allowances.

18 Leasing commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	7,720	-	20,755
Within 2 to 5 years	-	40,582	-	25,853
After more than 5 years	214,723	-	198,620	-
	<u>214,723</u>	<u>48,302</u>	<u>198,620</u>	<u>46,608</u>

19 Contingent liabilities

There were no contingent liabilities at 31 March 2004 or 31 March 2003.

20 Share capital

Authorised share capital:

	2004 £	2003 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>10,457</u>	<u>10,457</u>	<u>10,457</u>	<u>10,457</u>

21 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	356,328	403,015
Dividends	(100,000)	—
	<u>256,328</u>	<u>403,015</u>
Opening shareholders' equity funds	2,619,954	2,216,939
Closing shareholders' equity funds	<u>2,876,282</u>	<u>2,619,954</u>

22 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	560,396	494,303
Depreciation	640,473	574,036
Loss on disposal of fixed assets	2,012	256
Increase in stocks	(144,805)	(218,151)
Increase in debtors	(530,944)	(474,338)
Increase in creditors	198,418	610,823
Net cash inflow from operating activities	<u>725,550</u>	<u>986,929</u>

22 Notes to the statement of cash flows (continued)

Returns on investments and servicing of finance

	2004 £	2003 £
Income from other fixed asset investments	60,000	57,000
Interest received	–	47
Interest paid	(63,510)	(42,135)
Interest element of finance leases and hire purchase	(26,168)	(36,576)
Net cash outflow from returns on investments and servicing of finance	<u>(29,678)</u>	<u>(21,664)</u>

Taxation

	2004 £	2003 £
Taxation	<u>(52,013)</u>	<u>(40,239)</u>

Capital expenditure

	2004 £	2003 £
Payments to acquire tangible fixed assets	(585,143)	(982,951)
Receipts from sale of fixed assets	13,000	37,041
Net cash outflow from capital expenditure	<u>(572,143)</u>	<u>(945,910)</u>

Financing

	2004 £	2003 £
Repayment of bank loans	(100,000)	(100,000)
Capital element of finance leases and hire purchase	(166,737)	(232,314)
Net cash outflow from financing	<u>(266,737)</u>	<u>(332,314)</u>

22 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Decrease in cash in the period	(295,021)	(353,288)
Net cash outflow from bank loans	100,000	100,000
Cash outflow in respect of finance leases and hire purchase	166,737	232,314
	<u>(28,284)</u>	<u>(20,974)</u>
Change in net debt	(28,284)	(20,974)
Net debt at 1 April 2003	(1,099,129)	(1,078,155)
Net debt at 31 March 2004	<u>(1,127,413)</u>	<u>(1,099,129)</u>

Analysis of changes in net debt

	At 1 Apr 2003 £	Cash flows £	At 31 Mar 2004 £
Net cash:			
Overdrafts	(660,671)	(295,021)	(955,692)
Debt:			
Debt due within 1 year	(100,000)	74,900	(25,100)
Debt due after 1 year	(25,100)	25,100	-
Finance leases and hire purchase agreements	(313,358)	166,737	(146,621)
	<u>(438,458)</u>	<u>266,737</u>	<u>(171,721)</u>
Net debt	<u>(1,099,129)</u>	<u>(28,284)</u>	<u>(1,127,413)</u>

23 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2004.

24 Related party transactions

During the year the following transactions took place with the entities detailed below:

	Connection	Amount of transaction £	Amount outstanding at 31 March 2004 £	Nature of transaction
Roil Foods Limited	Directors	175,748	17,290	Sale of goods
Virani's Indian Kitchen Limited	Joint Venture	270,724	65,865	Sale of goods
Virani's Indian Kitchen Limited	Joint Venture	60,000	20,000	Dividend
Durrington Corporation Limited	Directors	6,875	-	Management fee

J M StJ Harris and A Simmons, directors and shareholders in Alembic Products Limited, are directors and shareholders in Roil Foods Limited. A Simmons and AV Brown are directors of Virani's Indian Kitchen Limited. J M StJ Harris is a director and shareholder in Durrington Corporation Limited.

There were no amounts outstanding at 31 March 2003 in respect of related parties other than Virani's Indian Kitchen Limited, who owed £30,268.