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ALEMBIC PRODUCTS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the period ended
31st August 2008

COMPANY REGISTRATION NO: 1503644



ALEMBIC PRODUCTS LIMITED

Report of the Directors for the period ended 31st August 2008

The directors submit their report and accounts for the period ended 31st August 2008.

Results, dividends and activities

The results for the period are shown on the Profit and Loss Account on page 4.

The profit for the period before taxation amounts to £317,269 (2007 £940,691).

An interim dividend of £43,150 has been paid. The directors do not recommend the payment of a final dividend for the period.

The principal activities of the company during the period were the production and distribution of premium food products.

On 2nd November 2007, the company became a wholly owned subsidiary of Edward Billington & Son Limited. In early 2008, a programme commenced to integrate the business with that of English Provender Company Limited, a fellow subsidiary undertaking. With effect from 1st December 2008 the trade assets and liabilities of the company were transferred into English Provender Company Limited.

Financial risk management objectives and policies

The company uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the company's requirements.

The company is exposed to normal credit and cash flow risks associated with selling on credit and manages this through credit control procedures.

Directors

At 31st August 2008 the directors were Mr. M.R. Cashin, Mr. D. Marshall and Mr. E.W. Billington.

Mr. M.R. Cashin and Mr. D. Marshall were appointed as directors on 2nd November 2007.

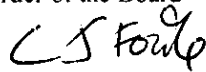
Mr. E.W. Billington was appointed a director on 20th November 2007.

Mr. A. Simmons, Mr. J.M. St J Harris, Ms. A.V. Brown, Mr. G.C. Hughes, Mr. S.P. Tasker, Mr. K.D. Duncan, Mr. M.A. Brooks and Ms. S.M. Watkins resigned as directors on 2nd November 2007.

Auditors

Mitchell Charlesworth are willing to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


C.J. FOWLE

Secretary

Cunard Building,
Liverpool L3 1EL.

9th January 2009

ALEMBIC PRODUCTS LIMITED

Statement of Directors' Responsibilities for the period ended 31st August 2008

The directors are required under company law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period then ended.

In preparing these accounts, they are required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make reasonable and prudent judgements and estimates;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for:

- ◆ keeping proper accounting records;
- ◆ safeguarding the company's assets;
- ◆ taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- ◆ there is no relevant audit information of which the company's auditors are unaware; and
- ◆ the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Mitchell Charlesworth

Chartered Accountants

5 Temple Square . Temple Street . Liverpool . L2 5RH

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALEMBIC PRODUCTS LIMITED

We have audited the accounts of Alembic Products Limited for the period ended 31st August 2008 which are set out on pages 4 to 11. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts 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 accounts, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

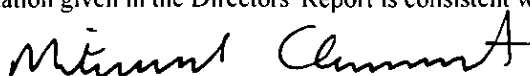
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st August 2008 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.



MITCHELL CHARLESWORTH
Registered Auditor
9th January 2009

ALEMBIC PRODUCTS LIMITED

Profit and Loss Account for the period ended 31st August 2008

	Notes	17 months ended 31st August 2008	12 months ended 31st March 2007
Turnover	2	40,606,238	25,440,742
Cost of sales		<u>33,534,866</u>	<u>20,843,143</u>
Gross profit		7,071,372	4,597,599
Administrative expenses		<u>6,421,422</u>	<u>3,502,201</u>
Operating profit	3	649,950	1,095,398
Exceptional item	5	<u>207,388</u>	<u>-</u>
Profit on ordinary activities before interest		442,562	1,095,398
Interest receivable	6	(535)	-
Interest payable	7	<u>125,828</u>	<u>154,707</u>
Profit on ordinary activities before taxation		317,269	940,691
Taxation	8	<u>217,145</u>	<u>294,975</u>
Profit on ordinary activities after taxation		<u>£ 100,124</u>	<u>£ 645,716</u>

The turnover and operating profit is wholly attributable to discontinued operations of the company.

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.


The notes on pages 6 to 11 form part of these accounts.

ALEMBIC PRODUCTS LIMITED

Balance Sheet 31st August 2008

	Notes	31st August 2008	31st March 2007
Fixed assets			
Tangible assets	10	1,454,454	2,746,188
Current assets			
Stocks	11	1,216,660	999,963
Debtors	12	7,095,521	6,034,167
Cash at bank and in hand		<u>18</u>	<u>-</u>
		8,312,199	7,034,130
Creditors			
Amounts falling due within one year	13	<u>5,135,077</u>	<u>5,175,693</u>
Net current assets		<u>3,177,122</u>	<u>1,858,437</u>
Total assets less current liabilities		4,631,576	4,604,625
Provision for liabilities and charges			
Deferred taxation	14	28,000	265,411
Other provisions	15	<u>207,388</u>	<u>-</u>
		<u>£4,396,188</u>	<u>£4,339,214</u>
Capital and reserves			
Called up share capital	16	10,457	10,457
Share premium account	17	42,880	42,880
Profit and loss account	18	<u>4,342,851</u>	<u>4,285,877</u>
Total shareholders' funds	19	<u>£4,396,188</u>	<u>£4,339,214</u>

Approved by the Board of Directors
on 9th January 2009


M.R. CASHIN - Director

The notes on pages 6 to 11 form part of these accounts.

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

1. Accounting policies

Accounting basis

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Related party transactions

Details of transactions with fellow group undertakings are not disclosed in these accounts as they are included in the consolidated accounts of Edward Billington & Son Limited.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets evenly over their anticipated useful lives at the following rates:

Plant and machinery	10% - 25% straight line
Fixtures and fittings	12.5% - 20% straight line
Motor vehicles	25% straight line
Equipment	20% straight line

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 tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Stocks

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

Foreign currencies

Assets and liabilities are converted into sterling at the rate of exchange ruling at the Balance Sheet date. Any exchange differences are reflected in the profits for the period.

Pension contributions

Contributions in respect of defined contribution pension schemes are charged to the Profit and Loss Account when they become payable.

Financial instruments

Financial instruments are classified and accounted for, according to the substances of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

Turnover represents sales, excluding value added tax, of goods and services during the period.

The whole of the company's turnover is generated from the sale of premium food products within the United Kingdom.

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

3. Operating profit

	17 months ended 31st August 2008 £	12 months ended 31st March 2007 £
The profit for the period has been arrived at after:		
Charging		
Auditors' Remuneration		
Audit	14,000	13,995
Depreciation of owned fixed assets	1,142,416	680,850
Loss on disposal of fixed assets	471,257	-
Impairment of fixed assets	218,603	-
Operating lease rentals:		
Land and buildings	380,675	248,901
Plant and machinery	137,732	89,385
Crediting		
Profit on disposal of fixed assets	-	4,033

Remuneration paid to the company's auditors for services other than the statutory audit of the company are not disclosed in these accounts, since the consolidated accounts of the ultimate parent undertaking, Edward Billington & Son Limited are required to disclose non-audit fees on a consolidated basis.

4. Directors' emoluments and staff costs

	17 months ended 31st August 2008	12 months ended 31st March 2007
Directors' emoluments		
Aggregate emoluments	£267,665	£430,229
The emoluments of the highest paid director were as follows:		
Aggregate emoluments	£45,831	£76,649

Of the £207,388 provided for as an exceptional item (note 5), sums of £52,981 arise in respect of payments to directors on leaving office. These payments are not included within total directors' emoluments shown above.

	17 months ended 31st August 2008	12 months ended 31st March 2007
Staff costs		
Wages and salaries	5,609,907	3,419,992
Social security costs	481,160	309,271
	£6,091,067	£3,729,263

	17 months ended 31st August 2008	12 months ended 31st March 2007
Average monthly staff numbers:		
Production	139	129
Selling and distribution	11	11
Administration and management	21	23
Technical and development staff	19	17
	190	180

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

	17 months ended 31st August 2008	12 months ended 31st March 2007
5. Exceptional item		
Reorganisation costs	£207,388	£ -
	<u> </u>	<u> </u>
6. Interest receivable	17 months ended 31st August 2008	12 months ended 31st March 2007
Other interest	£535	£ -
	<u> </u>	<u> </u>
7. Interest payable	17 months ended 31st August 2008	12 months ended 31st March 2007
Interest payable on bank borrowing	43,805	42,713
Finance charges	-	8,629
Other similar charges payable	<u>82,023</u>	<u>103,365</u>
	<u>£125,828</u>	<u>£154,707</u>
	<u> </u>	<u> </u>
8. Taxation on ordinary activities	17 months ended 31st August 2008	12 months ended 31st March 2007
(a) Analysis of charge for period		
Current tax:		
UK corporation tax based on the results for the period at 28% (2007: 30%)	455,000	308,243
Adjustment in respect of previous period	<u>(444)</u>	<u>(7,179)</u>
Total current tax	454,556	301,064
Deferred tax:		
Origination and reversal of timing differences	<u>(237,411)</u>	<u>(6,089)</u>
Tax on profit on ordinary activities	<u>£217,145</u>	<u>£294,975</u>
	<u> </u>	<u> </u>
(b) Factors affecting current tax charge	17 months ended 31st August 2008	12 months ended 31st March 2007
Tax charge arising on profit on ordinary activities at the standard rate of corporation tax of 28% (2007: 30%)	88,835	282,207
Expenses not deductible for tax purposes	4,705	8,016
Depreciation in excess of capital allowances	349,302	29,924
Adjustment to reflect effective tax rate	12,158	(11,904)
Adjustment in respect of previous period	<u>(444)</u>	<u>(7,179)</u>
Total current tax	<u>£454,556</u>	<u>£301,064</u>
	<u> </u>	<u> </u>
9. Equity dividends	17 months ended 31st August 2008	12 months ended 31st March 2007
Paid equity dividends on ordinary shares	<u>£43,150</u>	<u>£43,150</u>
	<u> </u>	<u> </u>

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

10. Tangible fixed assets

	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Equipment	Total
Cost					
At 1st April 2007	6,109,239	1,512,904	93,854	543,269	8,259,266
Additions	401,723	51,321	118,895	13,742	585,681
Transfers	66,482	(66,482)	-	-	-
Disposals	(1,731,084)	(694,863)	(65,199)	(461,136)	(2,952,282)
At 31st August 2008	4,846,360	802,880	147,550	95,875	5,892,665
Depreciation					
At 1st April 2007	3,756,731	1,230,638	54,396	471,313	5,513,078
Amount provided	936,795	123,818	42,277	39,526	1,142,416
Impairment	218,603	-	-	-	218,603
Transfers	36,054	(36,054)	-	-	-
Disposals	(1,239,975)	(694,863)	(39,912)	(461,136)	(2,435,886)
At 31st August 2008	3,708,208	623,539	56,761	49,703	4,438,211
Net book values					
At 31st August 2008	£1,138,152	£ 179,341	£ 90,789	£ 46,172	£1,454,454
At 31st March 2007	£2,352,508	£ 282,266	£ 39,458	£ 71,956	£2,746,188

11. Stocks

31st August 2008

31st March 2007

Raw materials	716,437	474,667
Goods for resale	<u>500,223</u>	<u>525,296</u>
	£1,216,660	£999,963

12. Debtors

31st August 2008

31st March 2007

Trade debtors	3,980,630	2,969,255
Prepayments	136,601	54,362
Fellow subsidiary undertaking	2,887,000	2,887,000
Other debtors	11,400	45,568
Other taxes	<u>79,890</u>	<u>77,982</u>
	£7,095,521	£6,034,167

The amount owed by the fellow subsidiary undertaking is due after more than one year.

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

13. Creditors - amounts falling due within one year	31st August 2008	31st March 2007
Bank loan and overdraft	68,782	1,416,154
Trade creditors	3,073,201	2,647,227
Other creditors	1,952	599,657
Accruals	368,721	114,019
Corporation tax	455,000	308,243
Other taxation and social security	98,169	90,393
Ultimate parent undertaking	<u>1,069,252</u>	<u>-</u>
	<u>£5,135,077</u>	<u>£5,175,693</u>

The bank overdraft of £68,782 (2007: £1,416,154) is secured by a debenture over the company's assets and an unlimited guarantee from the company's parent undertaking.

14. Deferred taxation	31st August 2008	31st March 2007
Excess of taxation allowances over depreciation on fixed assets	<u>£28,000</u>	<u>£265,411</u>
At 1st April 2007	265,411	271,500
Profit and loss account – credit	<u>(237,411)</u>	<u>(6,089)</u>
At 31st August 2008	<u>£28,000</u>	<u>£265,411</u>

15. Provision for liabilities and charges	31st August 2008	31st March 2007
Provision for reorganisation costs	<u>£207,388</u>	<u>£ -</u>
		Provision for Reorganisation Costs
At 1st April 2007		-
Profit and loss account charge		<u>207,388</u>
At 31st August 2008		<u>£207,388</u>

16. Share capital	31st August 2008	31st March 2007
Authorised		
50,000 ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Allotted, called up and fully paid		
10,457 ordinary shares of £1 each	<u>£10,457</u>	<u>£10,457</u>

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

17. Share premium account

There was no movement on the share premium account during the financial period.

18. Profit and loss account

17 months ended
31st August 2008

At 1st April 2007	4,285,877
Profit for the period	100,124
Equity dividends paid	(43,150)
At 31st August 2008	£4,342,851

19. Reconciliation of movements in shareholders' funds

17 months ended
31st August 2008

12 months ended
31st March 2007

Profit for the period	100,124	645,716
Equity dividends paid	(43,150)	(43,150)
	56,974	602,566
Opening shareholders' funds	4,339,214	3,736,648
Closing shareholders' funds	£4,396,188	£4,339,214

20. Leasing commitments

At 31st August 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	31st August 2008		31st March 2007	
	Land & Buildings	Other Items	Land & buildings	Other Items
Operating leases which expire:				
Within 1 year	-	17,204	-	7,123
Within 2 to 5 years	-	76,228	-	80,515
After more than 5 years	268,712	-	268,712	28,718
	£268,712	£93,432	£268,712	£116,356

21. Capital commitments

There were no capital commitments at 31st August 2008 (31st March 2007 £Nil).

22. Contingent liabilities

At 31st August 2008 and at 31st March 2007 the company has guaranteed the bank liabilities of its immediate parent undertaking Alembic Foods Limited. At 31st August 2008 and at 31st March 2007 these amounted to £Nil.

The company has, in the normal course of trade, entered into forward commitments for the purchase of raw materials. Other than amounts properly provided no additional liabilities are expected to arise from these transactions.

ALEMBIC PRODUCTS LIMITED

Notes to the Accounts

23. Related party transactions

Included in other creditors at 31st March 2007 was £211,500 due to Mrs. D. Simmons, the wife of the former director, Mr. A. Simmons. Prior to repayment of the loan which took place during the year, interest of £12,823 (2007: £22,544) was paid on this amount.

24. Parent undertaking

The ultimate parent undertaking is Edward Billington & Son Limited, which is incorporated in England.