

Fresh – pak Chilled Foods Limited

Company No: 1616444

FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED

31st December 2000



Fresh Pak Chilled Foods Limited

Company Information

Directors	M J Saunders M G Fray M Wood W S Scrivens
Secretary	L Davidson
Company Number	1616444
Registered Office	Trinity Court Trinity Street Peterborough PE1 1DA
Auditors	Ernst & Young LLP Compass House 80 Newmarket Road Cambridge CB5 8DZ
Business Address	21 – 22 Kernan Drive Swingbridge Industrial Estate Loughborough Leicestershire LE11 5JT
Bankers	National Westminster Bank Plc Market Place Loughborough Leicestershire LE11 3EA
Solicitors	Phillips & Powell 3 De Montfort Street Leicester LE1 7GE

Fresh-pak Chilled Foods Limited

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Fresh-pak Chilled Foods Limited

Directors' Report for the year ended 31st December 2000

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

Principal Activity and Review of the Business

The principal activity of the company is the manufacture and supply of specialist fresh chilled products to the food service industry and major retail grocery multiples.

Results and Dividends

The profit for the year, after taxation, amounted to £786,651 (8 months ended 31st December 1999 - £724,423) which has been transferred to reserves.

The directors do not recommend payment of a dividend for the year (1999 - £nil).

Future developments

We look forward to another year of controlled expansion with deeper market penetration for existing ranges and a programme of launches of exciting new products.

Policy on payment of creditors

It is company policy to settle all debts incurred within a reasonable timescale.

Practice on payment of creditors

The amount owed to trade creditors at 31st December 2000 equates to approximately 52 days worth of invoice value based on the aggregate amounts invoiced by suppliers during that period.

Employees

All applications for employment by disabled persons are given full and fair consideration and those employed by the company enjoy the same opportunities as their colleagues in respect of access to work, training, career prospects and promotion. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and to provide specialised training where this is appropriate.

The company's employment policy and practice is that recruitment and promotion are each based on the assessment of ability and experience, free from unfair discrimination. The company seeks to facilitate work and career opportunities for employees by the provision of flexible employment options.

Fresh-pak Chilled Foods Limited

Directors' Report for the year ended 31st December 2000

Directors and their Interests

The directors of the company who served during the year and their interests in the ordinary shares of 12.5p each in Perkins Foods Limited (formerly Perkins Foods PLC); the company's ultimate parent company as at 31st December 2000 are as stated below:

	31st December 2000	1st January 2000
M J Saunders	693,722	693,722
M J Saunders (as Trustee)	138,745	138,745
M G Fray	58,967	58,967
M G Fray (Family Trust)	10,406	10,406
M Wood	4,360	4,360
W S Scrivens	-	-

None of the directors held any shares in the company at any time during the year.

With effect from 8th February 2001, the entire issued share capital of Perkins Foods Limited was acquired by Lowclose Limited.

Under the terms of the Perkins Foods PLC Long Term Incentive Plan, 20,000 ordinary shares of 12.5p each were conditionally allocated to Mr Saunders during the year. This allocation was still held at 31st December 2000. An explanation of the Long Term Incentive Plan is given in the accounts of Perkins Foods Limited. A discretionary employee benefit trust has been established for the purpose of the Long Term Incentive Plan, which held 658,724 and 1,073,203 ordinary shares of 12.5p each in Perkins Foods Limited at 1st January 2000 and 31st December 2000, respectively. As a potential beneficiary, together with other employees within the Perkins Foods Group, Mr Saunders had a non-beneficial interest in these shares.

As a result of the offer by Lowclose Limited for Perkins Foods Limited, which became unconditional on 8th February 2001, 23,361 ordinary shares of 12.5p each in Perkins Foods Limited vested to Mr Saunders pursuant to the Long Term Incentive Plan.

Auditors

On 28th June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 24 October 2001 and signed on its behalf by



L Davidson
Secretary

Fresh-pak Chilled Foods Limited

Statement of Directors' Responsibilities in Respect of the Accounts

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 of the company for that year. In preparing those accounts, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Fresh-pak Chilled Foods Limited

REPORT OF THE AUDITORS

to the members of Fresh-pak Chilled Foods Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Cambridge

30 October 2001

Fresh-pak Chilled Foods Limited

Profit and Loss Account for the year ended 31st December 2000

		Continuing operations	
		12 months 2000	8 months 1999
	Notes	£	£
Turnover		30,319,588	18,593,749
Cost of sales		(22,149,026)	(12,983,193)
Gross profit		8,170,562	5,610,556
Distribution costs		(1,454,497)	(1,269,564)
Administrative expenses		(5,557,530)	(3,321,122)
Operating profit	2	1,158,535	1,019,870
Interest receivable and similar income	3	68,298	14,492
Interest payable and similar charges	4	(96,866)	(57,605)
Profit on ordinary activities before taxation		1,129,967	976,757
Tax on profit on ordinary activities	7	(343,316)	(252,334)
Retained profit for the year	15	<u>786,651</u>	<u>724,423</u>

There are no recognised gains or losses other than the profit of £786,651 for the year ended 31st December 2000 (8 months ended 31st December 1999 £724,423 profit).

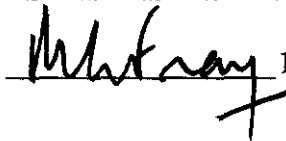
The notes on pages 7 to 15 form an integral part of these financial statements.

Fresh-pak Chilled Foods Limited

Balance Sheet as at 31st December 2000

	Notes	£	2000 £	£	1999 £
Fixed Assets					
Tangible assets	8		4,479,436		4,105,850
Current Assets					
Stocks	9	544,497		744,980	
Debtors	10	4,807,123		4,194,635	
Cash at bank and in hand		2,018,702		1,458,369	
		<u>7,370,322</u>		<u>6,397,984</u>	
Creditors: amounts falling due within one year	11	<u>(6,956,857)</u>		<u>(6,389,154)</u>	
Net Current Assets			<u>413,465</u>		<u>8,830</u>
Total Assets Less Current Liabilities			<u>4,892,901</u>		<u>4,114,680</u>
Creditors: amounts falling due after more than one year	12		-		(1,072)
Provision for Liabilities and Charges	13		<u>(157,727)</u>		<u>(165,085)</u>
Net Assets			<u><u>4,735,174</u></u>		<u><u>3,948,523</u></u>
Capital and Reserves - Equity					
Called up share capital	14		2,314,473		2,314,473
Share premium account			131,250		131,250
Capital redemption reserve			35,000		35,000
Profit and loss account			2,254,451		1,467,800
Shareholders' Funds	15		<u><u>4,735,174</u></u>		<u><u>3,948,523</u></u>

The financial statements were approved by the Board on 24 October 2001 and signed on its behalf by

 Director

The notes on pages 7 to 15 form an integral part of these financial statements.

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the period. 0% (31st December 1999 - 0.6%) of turnover was attributable to geographical markets outside the U.K. Turnover is attributable to one continuing activity, the manufacture of specialist fresh chilled products.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Long leasehold property and improvements	-	over 10 to 25 years
Short leasehold property and improvements	-	over 10 years
Plant and machinery	-	over 10 years
Motor vehicles	-	25% reducing balance
Computer equipment	-	25% straight line

1.4. Operating leases and finance leases

Rentals in respect of operating leases are charged to the profit and loss account in the period which they are incurred.

Assets acquired under finance leases or hire purchase agreements are capitalised and depreciated over their useful lives, and a corresponding liability is recognised. Interest costs in respect of these agreements are charged to the profit and loss account over the period of the agreement.

1.5. Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.6. Pensions

The company operates defined contribution schemes for some employees.

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

1. Accounting Policies (continued)

1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.9. Research and development

Research and development expenditure is written off in the period in which it is incurred.

1.10. Cash flow

As the company is a wholly owned subsidiary and its results are included in publicly available consolidated accounts, the company has taken advantage of the exemption offered by FRS 1 not to prepare a cash flow statement.

2. Operating profit	12 months	8 months
	2000	1999
	£	£
Depreciation of tangible assets	612,332	379,102
Loss on disposal of tangible fixed assets	10,401	426
Auditors' remuneration	11,500	6,500
Research and development	171,698	100,646
Operating lease rentals - land and buildings	84,614	30,667
- plant and machinery	286,414	141,783
	<u>68,298</u>	<u>14,466</u>
3. Interest receivable and similar income	12 months	8 months
	2000	1999
	£	£
Bank interest	68,298	14,466
Other interest	-	26
	<u>68,298</u>	<u>14,492</u>

Fresh-pak Chilled Foods Limited

**Notes to the Financial Statements
for the year ended 31st December 2000**

4. Interest payable and similar charges	12 months 2000 £	8 months 1999 £
On amounts payable to group companies	96,479	56,300
On bank loans and overdrafts	-	473
Hire purchase interest	275	832
On overdue tax	112	-
	<u>96,866</u>	<u>57,605</u>
 5. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
	12 months 2000 Number	8 months 1999 Number
Office and management	30	26
Production and sales	265	248
	<u>295</u>	<u>274</u>
 Employment costs	12 months 2000 £	8 months 1999 £
Wages and salaries	4,839,525	2,878,830
Social security costs	425,904	255,959
Other pension costs	50,078	23,714
	<u>5,315,507</u>	<u>3,158,503</u>

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

5.1. Directors' emoluments

	12 months 2000	8 months 1999
	£	£
Remuneration and other emoluments	423,886	194,631
Pension contributions	25,750	20,591
	<u>449,636</u>	<u>215,222</u>
	Number	Number
Number of directors in respect of whom pension contributions are made	<u>3</u>	<u>4</u>
Highest Paid Director	£	£
Amounts included above:		
Emoluments and other benefits	118,647	57,750
Pension contributions	10,000	6,700
	<u>128,647</u>	<u>64,450</u>

6. Pension costs

The company contributes to 3 defined contribution pension schemes in respect of its directors. The schemes' assets are held in independently managed funds and are separate from those of the company.

The amounts accrued or prepaid in respect of pension scheme contributions at 31st December 2000 were £38,834 accrued costs (31st December 1999 £19,687 accrued costs).

7. Taxation

	12 months 2000	8 months 1999
	£	£
UK current year taxation		
UK Corporation Tax	350,674	310,671
Transfer from deferred taxation	(61,426)	(58,337)
	<u>289,248</u>	<u>252,334</u>
Prior years		
Transfer to deferred taxation	54,068	-
	<u>343,316</u>	<u>252,334</u>

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

8. Tangible fixed assets

	Short leasehold property and improvements £	Long leasehold property and improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1st January 2000	639,687	2,455,507	2,805,172	156,066	6,056,432
Additions	83,871	490,271	458,978	-	1,033,120
Disposals	-	-	-	(128,337)	(128,337)
At 31st December 2000	723,558	2,945,778	3,264,150	27,729	6,961,215
Depreciation					
At 1st January 2000	266,489	399,028	1,187,898	97,167	1,950,582
On disposals	-	-	-	(81,136)	(81,136)
Charge for the year	68,752	199,619	341,038	2,924	612,333
At 31st December 2000	335,241	598,647	1,528,936	18,955	2,481,779
Net book values					
At 31st December 2000	388,317	2,347,131	1,735,214	8,774	4,479,436
At 31st December 1999	373,198	2,056,479	1,617,274	58,899	4,105,850

The long leasehold is in respect of a 995 year lease.

8. Tangible fixed assets (continued)

Included in tangible fixed assets are assets held under finance leases or hire purchase contracts as follows:

Asset description	31st December 2000			31st December 1999		
	Cost £	Accumulated depreciation £	Net book value £	Cost £	Accumulated depreciation £	Net book value £
Plant and machinery	105,336	93,173	12,163	244,401	56,180	188,221
Motor vehicles	-	-	-	18,500	8,382	10,118
	<u>105,336</u>	<u>93,173</u>	<u>12,163</u>	<u>262,901</u>	<u>64,562</u>	<u>198,339</u>

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

9. Stocks	2000	1999
	£	£
Raw materials and consumables	514,139	730,078
Finished goods	30,358	14,902
	<u>544,497</u>	<u>744,980</u>
The difference between purchase price or production cost of stocks and their replacement cost is not material in the opinion of the directors.		
10. Debtors	2000	1999
	£	£
Trade debtors	3,710,732	3,631,609
Amounts owed by group undertakings	522,752	268,299
Other debtors	255,664	119,451
Prepayments and accrued income	317,975	175,276
	<u>4,807,123</u>	<u>4,194,635</u>
11. Creditors: amounts falling due within one year	2000	1999
	£	£
Loans from group undertakings	1,375,000	1,375,000
Net obligations under finance leases and hire purchase contracts	1,224	48,473
Trade creditors	3,271,178	2,874,908
Other amounts owed to group undertakings	724,685	557,169
Corporation tax	682,929	402,667
Other taxes and social security costs	130,108	135,488
Other creditors	65,840	68,576
Accruals and deferred income	705,893	926,873
	<u>6,956,857</u>	<u>6,389,154</u>
12. Creditors: amounts falling due after more than one year	2000	1999
	£	£
Net obligations under finance leases and hire purchase contracts	-	1,072

Fresh-pak Chilled Foods Limited

**Notes to the Financial Statements
for the year ended 31st December 2000**

13. Provisions for liabilities and charges

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances in advance of depreciation	183,827	165,085	98,714	-
Other timing differences	(26,100)	-	-	-
	<u>157,727</u>	<u>165,085</u>	<u>98,714</u>	<u>-</u>

Movements on the provision for deferred taxation are:

	2000	1999
	£	£
At 1st January 2000	165,085	223,422
Transferred to profit and loss account	(7,358)	(58,337)
At 31st December 2000	<u>157,727</u>	<u>165,085</u>

14. Share capital

	2000	1999
	£	£
Authorised equity		
2,400,000 Ordinary shares of £1 each	<u>2,400,000</u>	<u>2,400,000</u>
Allotted, called up and fully paid equity		
2,314,473 Ordinary shares of £1 each	<u>2,314,473</u>	<u>2,314,473</u>

Fresh-pak Chilled Foods Limited

Notes to the Financial Statements for the year ended 31st December 2000

15. Reconciliation of movements in equity shareholders' funds

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
Shareholders' funds at 1st January 2000	<u>2,314,473</u>	<u>131,250</u>	<u>35,000</u>	<u>1,467,800</u>	<u>3,948,523</u>
Profit for the year	-	-	-	786,651	786,651
Net additions to shareholders' funds	-	-	-	786,651	786,651
Shareholders' funds at 31st December 2000	<u>2,314,473</u>	<u>131,250</u>	<u>35,000</u>	<u>2,254,451</u>	<u>4,735,174</u>

16. Financial commitments

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000 £	1999 £	2000 £	1999 £
Expiry date:				
Within one year	-	-	-	-
Between two and five years	58,400	-	87,000	87,000
In over five years	46,000	46,000	51,000	51,000
	<u>104,400</u>	<u>46,000</u>	<u>138,000</u>	<u>138,000</u>

The company leases three machines from Huhtamaki Van Leer (formerly Polarcup Limited) under agreements expiring within two to five years. Under the terms of the lease the company is committed to acquire £100,000 of packaging per annum per machine.

Fresh-pak Chilled Foods Limited

**Notes to the Financial Statements
for the year ended 31st December 2000**

17. Capital commitments

	2000	1999
	£	£

Details of capital commitments at the accounting date are as follows:

Contracted for but not provided in the financial statements

158,145	144,000
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18. Parent undertaking

The immediate parent undertaking is Perkins Chilled Foods Limited. At 31st December 2000 the company's ultimate parent undertaking was Perkins Foods Limited. The company's results to 31st December 2000 are consolidated in the Perkins Foods Limited group accounts to 31st December 2000, which have been filed at Companies House. With effect from 8th February 2001, the ultimate controlling party is Perkins Foods Holdings Limited. All parent companies are registered in England.

19. Related party transactions

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Perkins Foods group of companies.