

Fresh-Pak Chilled Foods Limited

Report and Financial Statements

31 December 2002



Fresh-Pak Chilled Foods Limited

Registered No: 01616444

Directors

M J Saunders
W S Scrivens
C Haydock

Secretary

C Haydock

Auditors

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

Solicitors

Philips & Powell
3 De Montford Street
Leicester
LE1 7GE

Registered office

21/22 Kernan Drive
Swingbridge Industrial Estate
Loughborough
Leicestershire
LE11 5JT

Directors' report

The directors present their report and financial statements for the year ended 31 December 2002.

Results and dividends

The profit for the year, after taxation, amounted to £1,791,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

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

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

Directors

The directors who served the company during the year and their interest in the shares of the ultimate parent undertaking – Perkins Foods Holdings Limited were as follows:

	<i>31 December 2002</i>	<i>31 December 2001</i>
Mr M J Saunders	14,000	14,000
Mr W S Scrivens	18,000	18,000
Mr M G Fray (Resigned 19 June 2002)	–	6,000
Mr M J Wood (Resigned 12 March 2002)	–	–

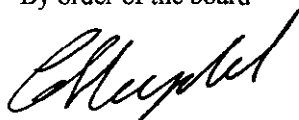
There are no directors' interests in the share capital of the company.

In addition Mr C Haydock was appointed a director of the company on 16 June 2003.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



Mr C Haydock
Secretary

28 Jan 2004

Statement of directors' responsibilities in respect of the financial statements

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 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; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Independent auditors' report

to the members of Fresh-Pak Chilled Foods Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards.

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 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 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.

Independent auditors' report

to the members of Fresh-Pak Chilled Foods Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Cambridge

2 February 2004

Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Turnover	2	37,745	34,359
Cost of sales		31,319	25,168
Gross profit		6,426	9,191
Distribution costs		1,181	1,522
Administrative expenses		2,714	6,149
Operating profit	3	2,531	1,520
Bank interest receivable	6	89	69
Interest payable	7	—	(108)
Profit on ordinary activities before taxation		2,620	1,481
Tax on profit on ordinary activities	8	829	558
Profit retained for the financial year		1,791	923


Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £1,791,000 attributable to the shareholders for the year ended 31 December 2002 (2001 - profit of £923,000).

Balance sheet

at 31 December 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Tangible assets	9	5,054	4,680
Current assets			
Stocks	10	1,165	785
Debtors	11	5,258	4,913
Cash at bank and in hand		6,120	3,415
		12,543	9,113
Creditors: amounts falling due within one year	12	9,920	7,877
Net current assets		2,623	1,236
Total assets less current liabilities		7,677	5,916
Provisions for liabilities and charges			
Deferred taxation	8	326	356
		7,351	5,560
Capital and reserves			
Called up share capital	15	2,314	2,314
Share premium account	16	131	131
Other reserves	16	35	35
Profit and loss account	16	4,871	3,080
Equity shareholders' funds	16	7,351	5,560


Mr C Haydock
Director

28 Jan 2004

Notes to the financial statements

at 31 December 2002

1. Accounting policies

Basis of preparation

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Research and development

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold Property	- over 10 to 25 years
Plant & Machinery	- over 10 years
Motor Vehicles	- 25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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, with the following exception:

- 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.

Notes to the financial statements

at 31 December 2002

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover is attributable to one continuing activity, the manufacture of specialist chilled products.

An analysis of turnover by geographical market is given below:

	2002 £000	2001 £000
United Kingdom	37,395	34,359
Rest of Europe	350	—
	<u>37,745</u>	<u>34,359</u>

3. Operating profit

This is stated after charging/(crediting):

	2002 £000	2001 £000
Auditors' remuneration - audit services	16	12
- non-audit services	—	—
	<u>16</u>	<u>12</u>
Research and development expenditure written off	<u>—</u>	<u>205</u>
Depreciation of fixed assets	<u>490</u>	<u>670</u>
Loss on disposal of fixed assets	—	3
Operating lease rentals - land and buildings	151	115
- plant and machinery	<u>258</u>	<u>285</u>

Notes to the financial statements

at 31 December 2002

4. Staff costs

	2002 £000	2001 £000
Wages and salaries	6,022	5,195
Social security costs	498	451
Other pension costs	52	52
	<u>6,572</u>	<u>5,698</u>

Pension contributions outstanding at the year end amounted to £nil (2001: £3,768).

The monthly average number of employees during the year was as follows:

	2002 No.	2001 No.
Production	229	248
Sales and distribution	14	28
Administrative	101	40
	<u>344</u>	<u>316</u>

5. Directors' emoluments

	2002 £000	2001 £000
Emoluments	<u>287</u>	<u>374</u>
Value of company pension contributions to money purchase schemes	<u>39</u>	<u>37</u>
Members of money purchase scheme	No. <u>3</u>	No. <u>4</u>
Emoluments of the highest paid director	No. £000	No. £000
Emoluments	<u>120</u>	<u>109</u>
Value of company pension contributions to money purchase schemes	<u>12</u>	<u>9</u>

6. Interest receivable

	2002 £000	2001 £000
Bank interest receivable	<u>89</u>	<u>69</u>

7. Interest payable

	2002 £000	2001 £000
Interest on amounts payable to group companies	<u>—</u>	<u>108</u>

Notes to the financial statements

at 31 December 2002

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2002 £000	2001 £000
<i>Current tax:</i>		
UK corporation tax	796	458
Tax under provided in previous years	63	—
Total current tax (note 8 (b))	<u>859</u>	<u>458</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(30)	100
Total deferred tax (note 8 (c))	<u>(30)</u>	<u>100</u>
Tax on profit on ordinary activities	<u>829</u>	<u>558</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 - 30%). The differences are reconciled below:

	2002 £000	2001 £000
Profit on ordinary activities before taxation	<u>2,620</u>	<u>1,481</u>
Profit on ordinary activities multiplied by rate of tax	786	444
Adjustment in respect of prior year	63	—
Expenses not deductible for tax purposes	8	6
Accelerated capital allowances	2	8
Total current tax (note 8 (a))	<u>859</u>	<u>458</u>

(c) Deferred tax

	2002 £000	2001 £000
Capital allowances in advance of depreciation	(346)	(382)
Other timing differences	20	26
Provision for deferred taxation	<u>(326)</u>	<u>(356)</u>

£000

At 1 January 2002

(356)

Profit and Loss Account movement arising during the year

30

At 31 December 2002

(326)

Notes to the financial statements

at 31 December 2002

9. Tangible fixed assets

	<i>Leasehold Property £000</i>	<i>Plant & Machinery £000</i>	<i>Motor Vehicles £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2002	4,089	3,715	14	7,818
Additions	42	822	—	864
At 31 December 2002	<u>4,131</u>	<u>4,537</u>	<u>14</u>	<u>8,682</u>
Depreciation:				
At 1 January 2002	1,264	1,867	7	3,138
Provided during the year	230	258	2	490
At 31 December 2002	<u>1,494</u>	<u>2,125</u>	<u>9</u>	<u>3,628</u>
Net book value:				
At 31 December 2002	<u>2,637</u>	<u>2,412</u>	<u>5</u>	<u>5,054</u>
At 1 January 2002	<u>2,825</u>	<u>1,848</u>	<u>7</u>	<u>4,680</u>

The leasehold is in respect of a 995 year lease.

Leasehold property includes cost of £3,338,980 (2001: £3,298,031) and accumulated depreciation of £1,330,654 (2001: £860,688) in respect of long leasehold property.

10. Stocks

	<i>2002 £000</i>	<i>2001 £000</i>
Raw materials	1,019	762
Work in progress	146	—
Finished goods	—	23
	<u>1,165</u>	<u>785</u>

11. Debtors

	<i>2002 £000</i>	<i>2001 £000</i>
Trade debtors	4,349	4,287
Amounts owed by group undertakings	641	370
Other debtors	126	153
Prepayments and accrued income	142	103
	<u>5,258</u>	<u>4,913</u>

Notes to the financial statements

at 31 December 2002

12. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	3,400	3,193
Amounts owed to group undertakings	2,472	1,990
Corporation tax	1,928	1,141
Other taxation and social security costs	872	185
Accruals and deferred income	1,248	1,368
	<u>9,920</u>	<u>7,877</u>

13. Commitments under operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>		<i>Other</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Operating leases which expire:				
within one year	—	—	—	—
in two to five years	93	58	—	51
after five years	47	46	—	51
	<u>140</u>	<u>104</u>	<u>76</u>	<u>138</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 leases the company is committed to acquire £100,000 of packaging per annum per machine.

14. Related party transactions

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

15. Share capital

	<i>Authorised</i>	
	2002 £000	2001 £000
Ordinary shares of £1 each	<u>2,400</u>	<u>2,400</u>
	<i>Allotted, called up and fully paid</i>	
	2002 No. £000	2001 No. £000
Ordinary shares of £1 each	2,314,473 <u>2,314</u>	2,314,473 <u>2,314</u>

Notes to the financial statements

at 31 December 2002

16. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £000	<i>Share premium account</i> £000	<i>Capital redemption reserve</i> £000	<i>Profit and loss account</i> £000	<i>Total share- holders' funds</i> £000
At 1 January 2001	2,314	131	35	2,157	4,637
Profit for the year	—	—	—	923	923
At 31 December 2001	2,314	131	35	3,080	5,560
Profit for the year	—	—	—	1,791	1,791
At 31 December 2002	2,314	131	35	4,871	7,351

17. Contingent liability

The company together with certain other members of the Group, has entered into arrangements to guarantee certain multi-currency loan facilities of Perkins Foods Holdings Limited.

18. Ultimate parent company

The immediate parent undertaking is Perkins Chilled Foods Limited and the company's ultimate parent undertaking is Perkins Foods Holdings Limited. The company results to 31 December 2002 are consolidated in the Perkins Foods Holdings Limited group accounts to 31 December 2002, which have been filed at Companies House, 21 Bloomsbury Street, London, EC1B 3XD. All parent companies are registered in England.