

Company Registration No. 02500300 (England and Wales)

EDWARD HAMER INTERNATIONAL LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1999



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EDWARD HAMER INTERNATIONAL LIMITED

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EDWARD HAMER INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report and financial statements for the year ended 31 March 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of processing and wholesaling of meat for both the UK market and export within the European Union.

At the beginning of the year the company entered into an agreement to contract slaughter large quantities of lambs for a third party. This was done partly to offset the continuing fall in margins of exports to the European Union and has resulted in a fall of 67% in the value of exports to the EU and an increase of 45% in the value of UK turnover. Overall total turnover fell by 7% but gross profit was increased by 7%.

Results and dividends

The results for the year are set out on page 4.

The directors recommend payment of a dividend of £127,313 from the year's profit and accumulated reserves.

Significant events

On 9 April 1998 the company increased its authorised and issued share capital to £1,493 and issued 493 ordinary shares at a premium of £1,103.20 per share, the total subscription proceeds being £500,000. At the same time an option was granted to the applicant to acquire the whole of the remaining shareholding of the company.

Post balance sheet events

On 9 November 1999 the Randall Parker Food Group Limited exercised its option to purchase the remainder of the outstanding shareholding in the company with completion due no later than 23 February 2000 and from that date it becomes the owner of 100% of the authorised share capital and is thus the Ultimate Holding Company.

Future developments

Despite continuing difficulties within the meat industry, the company has continued to make profits and the directors view the future with encouragement. Further capital expenditure has been sanctioned to ensure the company maintains its strong position in the industry.

Year 2000

We have identified the key risks to the business and have developed a plan to minimise their impact. We have considered not only our own systems but also those of our major suppliers and customers. Although no organization can guarantee that no year 2000 problems will arise, we believe that, having identified and removed the major risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

Directors

Mr E M Hamer held office throughout the year.

The following directors were appointed on 9 April 1998:

D R Brady
R L Randall
K R Morgan

Mrs C Hamer resigned on 9 April 1998

EDWARD HAMER INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	31 March 1999	1 April 1998
E M Hamer	999	999
D R Brady	-	-
R L Randall	-	-
K R Morgan	-	-

Messrs R L Randall and D R Brady are directors of Randall Parker Food Group Limited and details of their shareholdings in that company can be found in the financial statements.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that King, Morter, Proud & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

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 and of the profit or loss of the company for that period. 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;
- 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.

By order of the board



K R Morgan

Director

24 January 2000

EDWARD HAMER INTERNATIONAL LIMITED

AUDITORS' REPORT TO EDWARD HAMER INTERNATIONAL LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 March 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with that provision.



King, Morter, Proud & Co

Chartered Accountants
Registered Auditor

24 January 2000

Kings Arms Vaults, Watton
Brecon
Powys
LD3 7EF

EDWARD HAMER INTERNATIONAL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
Gross profit		1,692,065	1,579,933
Distribution costs		(741,006)	(824,119)
Administrative expenses		(721,563)	(592,090)
Operating profit	2	229,496	163,724
Other interest receivable and similar income	3	7,317	10,651
Amounts written off investments	4	(30,000)	(20,000)
Interest payable and similar charges	5	(94,647)	(107,686)
Profit on ordinary activities before taxation		112,166	46,689
Tax on profit on ordinary activities	6	(6,554)	(9,393)
Profit on ordinary activities after taxation		105,612	37,296
Dividends	7	(127,313)	-
Retained (loss)/profit for the year	18	(21,701)	37,296

EDWARD HAMER INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	8		2,037,481		654,485
Current assets					
Stocks	10	627		10,578	
Debtors	11	1,474,887		800,723	
Investments	12	100,355		30,000	
Cash at bank and in hand		81,345		773,975	
		<u>1,657,194</u>		<u>1,615,276</u>	
Creditors: amounts falling due within one year	13	(2,377,995)		(1,317,876)	
Net current (liabilities)/assets			<u>(720,801)</u>		<u>297,400</u>
Total assets less current liabilities			1,316,680		951,885
Creditors: amounts falling due after more than one year	14		(411,092)		(524,596)
			<u>905,588</u>		<u>427,289</u>
Capital and reserves					
Called up share capital	17		1,493		1,000
Share premium account	18		499,507		-
Profit and loss account	18		404,588		426,289
Shareholders' funds	19		<u>905,588</u>		<u>427,289</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 24 January 2000

D R Brady
Director

E M Hamer
Director

EDWARD HAMER INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

	1999 £	1998 £
Net cash inflow from operating activities	435,806	415,226
Returns on investments and servicing of finance		
Interest received	7,317	10,651
Interest paid	(94,647)	(107,686)
Net cash outflow for returns on investments and servicing of finance	(87,330)	(97,035)
Taxation	(8,578)	(1,138)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(1,482,863)	(19,580)
Payments to acquire investments	-	(50)
Receipts from sales of tangible assets	26,700	-
Net cash outflow for capital expenditure	(1,456,163)	(19,630)
Net cash (outflow)/inflow before management of liquid resources and financing	(1,116,265)	297,423
Management of liquid resources		
Current asset investments	(100,355)	(50,000)
Financing		
Issue of ordinary share capital	500,000	-
Repayment of long term bank loan	(100,000)	(100,000)
Capital element of hire purchase contracts	(40,510)	(32,170)
Net cash inflow/(outflow) from financing	359,490	(132,170)
(Decrease)/increase in cash in the year	(857,130)	115,253

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999	1998
		£	£
	Operating profit	229,496	163,724
	Depreciation of tangible assets	79,615	88,734
	Decrease in stocks	9,951	44,156
	(Increase)/decrease in debtors	(674,144)	251,371
	Increase/(decrease) in creditors within one year	760,888	(152,759)
	Amounts written off investments	30,000	20,000
	Net cash inflow from operating activities	435,806	415,226

2	Analysis of net debt	1 April 1998	Cash flow	Other non- cash changes	31 March 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	773,975	(692,630)		81,345
	Bank overdrafts	(664,349)	(164,500)		(828,849)
		<u>109,626</u>	<u>(857,130)</u>		<u>(747,504)</u>
	Liquid resources:				
	Short-term investments	30,000	70,355		100,355
	Debt:				
	Finance leases	(56,767)	16,497	-	(40,270)
	Debts falling due within one year	(100,000)	-	-	(100,000)
	Debts falling due after one year	(500,000)	100,000	-	(400,000)
		<u>(656,767)</u>	<u>116,497</u>	<u>-</u>	<u>(540,270)</u>
	Net debt	(517,141)	(670,278)	-	(1,187,419)

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	(Decrease)/increase in cash in the year	(857,130)	100,250
	Cash outflow from increase in liquid resources	70,355	30,000
	Cash outflow from decrease in debt and lease financing	116,497	132,170
	Movement in net debt in the year	(670,278)	262,420
	Opening net debt	(517,141)	(779,561)
	Closing net debt	(1,187,419)	(517,141)

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is comprised of UK and export sales of wholesale meat.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	No depreciation considered necessary
Plant and equipment	at 10% per annum reducing balance basis
Motor vehicles	at 20% per annum reducing balance basis

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

2	Operating profit	1999	1998
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	79,615	88,734
	Operating lease rentals		
	- Plant and machinery	17,926	-
	- Other assets	-	60,000
	Auditors' remuneration	7,830	5,428
		<u>79,615</u>	<u>88,734</u>
3	Other interest receivable and similar income	1999	1998
		£	£
	Bank interest	6,962	10,651
	Other interest	355	-
		<u>7,317</u>	<u>10,651</u>
4	Amounts written off investments	1999	1998
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	-	50
	Amounts written off current asset investments	30,000	19,950
		<u>30,000</u>	<u>19,950</u>
5	Interest payable	1999	1998
		£	£
	On bank loans and overdrafts	66,046	99,793
	On other loans wholly repayable within 5 years	20,000	-
	Hire purchase interest	8,601	7,893
		<u>94,647</u>	<u>107,686</u>
6	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998 - 21%)	7,629	9,393
	Prior years		
	U.K. corporation tax	(1,075)	-
		<u>6,554</u>	<u>9,393</u>

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

7	Dividends	1999 £	1998 £
	Ordinary final proposed	127,313	-

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

8 Tangible fixed assets

	Land and buildings Freehold	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 1998	-	875,457	406,118	1,281,575
Additions	1,274,306	199,505	15,500	1,489,311
Disposals	-	-	(54,180)	(54,180)
At 31 March 1999	1,274,306	1,074,962	367,438	2,716,706
Depreciation				
At 1 April 1998	-	398,996	228,094	627,090
On disposals	-	-	(27,480)	(27,480)
Charge for the year	-	53,249	26,366	79,615
At 31 March 1999	-	452,245	226,980	679,225
Net book value				
At 31 March 1999	1,274,306	622,717	140,458	2,037,481
At 31 March 1998	-	476,461	178,024	654,485

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 March 1999	21,980	66,514	88,494
At 31 March 1998	-	83,143	83,143
Depreciation charge for the year			
31 March 1999	1,782	16,629	18,411
31 March 1998	-	20,761	20,761

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

9 Fixed asset investments

	Unlisted investments £
Cost	
At 1 April 1998 & at 31 March 1999	50
Provisions for diminution in value	
At 1 April 1998 & at 31 March 1999	50
Net book value	
At 31 March 1999	-
At 31 March 1998	-

10 Stocks

	1999 £	1998 £
Finished goods and goods for resale	627	10,578

11 Debtors

	1999 £	1998 £
Trade debtors	1,364,321	760,621
Other debtors	93,331	40,102
Prepayments and accrued income	17,215	-
	1,474,867	800,723

12 Current asset investments

	1999 £	1998 £
Loan to participating interests	100,355	-
Other unlisted investments	-	30,000
	100,355	30,000
Directors' valuation of unlisted investments	-	30,000

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

13 Creditors: amounts falling due within one year	1999	1998
	£	£
Bank loans and overdrafts	928,849	764,349
Net obligations under finance lease and hire purchase contracts	29,178	32,171
Trade creditors	1,121,619	399,667
Corporation tax	7,629	9,653
Other taxes and social security costs	32,975	41,359
Directors' current accounts	1,397	4,764
Accruals and deferred income	129,035	65,913
Proposed dividend	127,313	-
	<u>2,377,995</u>	<u>1,317,876</u>

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

14 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loans	400,000	500,000
Net obligations under finance leases and hire purchase agreements	11,092	24,596
	<u>411,092</u>	<u>524,596</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	-	100,000
Wholly repayable within five years	500,000	500,000
	<u>500,000</u>	<u>600,000</u>
Included in current liabilities	(100,000)	(100,000)
	<u>400,000</u>	<u>500,000</u>
Loan maturity analysis		
Between one and two years	100,000	100,000
Between two and five years	300,000	300,000
In five years or more	-	100,000
	<u>400,000</u>	<u>500,000</u>
Bank loans and overdraft are secured by way of:		
a first legal charge over the freehold deeds of the abattoir and land owned by the company;		
debenture over the company's assets.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	29,178	32,171
Repayable between one and five years	11,092	24,596
	<u>40,270</u>	<u>56,767</u>
Included in liabilities falling due within one year	(29,178)	(32,171)
	<u>11,092</u>	<u>24,596</u>

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

15 Provisions for liabilities and charges

Deferred tax is not provided at 21% (1998 - 21%) analysed over the following timing differences:

	Not provided		Provided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	110,000	71,000	-	-

No provision has been made in respect of timing differences between the rates of depreciation used in the accounts and the rate of capital allowances given under current Revenue law as it is considered that there is no reasonable probability that any deferred tax liability attributable to timing differences will crystallise in the foreseeable future.

16 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,000 (1998 - £20,000).

17 Share capital

	1999	1998
	£	£
Authorised		
1,493 Ordinary of £ 1 each	1,493	1,000
Allotted, called up and fully paid		
1,493 Ordinary of £ 1 each	1,493	1,000

18 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 April 1998	-	426,289
Retained loss for the year	-	(21,701)
Premium on shares issued during the year	499,507	-
Balance at 31 March 1999	499,507	404,588

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

19 Reconciliation of movements in shareholders' funds	1999	1998
	£	£
Profit for the financial year	105,612	37,296
Dividends	(127,313)	-
	<u>(21,701)</u>	<u>37,296</u>
Proceeds from issue of shares	500,000	-
	<u>478,299</u>	<u>37,296</u>
Net addition to shareholders' funds	427,289	389,993
Opening shareholders' funds	<u>905,588</u>	<u>427,289</u>
Closing shareholders' funds	<u>905,588</u>	<u>427,289</u>

20 Financial commitments

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999	1998
	£	£
Expiry date:		
Between two and five years	26,916	-
	<u>26,916</u>	<u>-</u>

21 Capital commitments

At 31 March 1999 the company had capital commitments as follows:

	1999	1998
	£	£
Contracted for but not provided in the financial statements	40,000	-
	<u>40,000</u>	<u>-</u>

22 Directors' emoluments

	1999	1998
	£	£
Emoluments for qualifying services	133,200	55,112
Company pension contributions to money purchase schemes	9,000	20,000
	<u>142,200</u>	<u>75,112</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1998 - 2).

EDWARD HAMER INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 1999

23 Transactions with directors

Until the 4 August 1998 the company operated from rented premises owned by Edward Hamer Ltd, a company under common control. The issued share capital of Edward Hamer Ltd is 35,000 ordinary shares of £1 each, and the directors beneficial ownership is 33,000 and 2,000 to E M and C Hamer respectively. On 4th August 1998 the former rented premises were sold to Edward Hamer International Ltd for £1,000,000.

The company also trades with Edward Hamer Ltd in the normal course of business and at arms' length.

During the year the following transactions took place:

- a. Abattoir rent of £20,000 paid to Edward Hamer Ltd;
- b. sale of wholesale meat products to Edward Hamer Ltd amounting to £61,076;
- c. purchase of meat products from Edward Hamer Ltd amounting to £4,027.
- d. interest of £20,000 was paid to Edward Hamer Ltd in respect of delayed consideration allowed on payment for the freehold property;
- e. payment of £25,000 to Edward Hamer Limited for waste product disposal.

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
	71	50
	<u>71</u>	<u>50</u>
Employment costs		
	£	£
Wages and salaries	1,123,536	687,065
Social security costs	103,708	64,299
Other pension costs	9,000	20,000
	<u>1,236,244</u>	<u>771,364</u>

25 Post balance sheet events

On 9 November 1999 the Randall Parker Food Group Limited, a company registered in the UK no. 3074722, exercised its option to purchase the remainder of the outstanding shareholding in the company with completion due no later than 23 February 2000 and from that date it becomes the beneficial owner of 100% of the authorised share capital.