

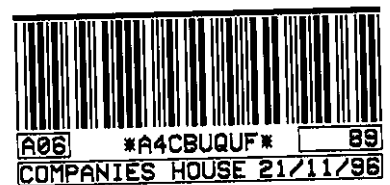
**EDWARD HAMER INTERNATIONAL LIMITED**

**REGISTERED OFFICE**

Dolwen  
Llanidloes  
Powys

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31ST MARCH 1996**



# EDWARD HAMER INTERNATIONAL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1996

The directors present their annual report and financial statements for the year ended 31 March 1996.

### DIRECTORS

The Directors of the company at 31 March 1996, all of whom have been directors for the whole of the year ended on that date, together with their interests in the share capital of the company were:-

	Ord. Shares - all beneficially held	
	31-03-96	31-03-95
E M Hamer	999	999
C Hamer	1	1

No shares were issued in the year.

### STATEMENT OF 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;

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 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.

### PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company was set up for the purpose of carrying out slaughtering operations under E.U. licensing regulations, operating from an abattoir at Dolwen, Llanidloes, leased from Edward Hamer Ltd., a company under common control. These premises were purpose built to comply with E.U. regulatory requirements.

The Company's principal activity during the period was the processing and wholesaling of meat for both the UK market and export within the E.U.

During the year the company continued to achieve its target level of activity in a competitive and volatile market subject to uncertainties about

implementation dates and enforcement dates throughout the E.U. of the meat processing and hygiene regulations. The general uncertainty in the industry was further aggravated with the B.S.E. scare breaking towards the end of the accounts year. The directors are closely monitoring the regulatory enforcement situation throughout the E.U. and are hopeful that the company will continue to maintain controlled growth and profitability. Trade is also heavily dependant upon consumer confidence in the industry and at the date of this report recovery from the loss of confidence following the initial B.S.E. announcement is very limited, particularly on the Continent.

In the opinion of the Directors, the state of the Company's affairs at 31 March 1996 is satisfactory, but record their concern at the continuing market weakness and lack of confidence due the the B.S.E. situation.

#### FIXED ASSETS

Fixed assets comprise abattoir plant and equipment, commercial and motor vehicles and office equipment.

The company increased its commercial vehicle fleet in the year. Detailed movements in fixed assets are set out in note 12 to the financial statements.

#### RESULTS AND DIVIDENDS

The company's Accumulated Profits B/Fwd for the year, before taxation, amounted to £58,599. No dividend is recommended. The post tax profit transferred to reserves amounted to £48,201.

#### EVENTS SINCE THE END OF THE YEAR

There have been no events since the Balance Sheet date which materially affect the position of the Company. The directors record their concern at the continuing lack of confidence in the market place following the B.S.E. beef crisis which broke in March 1996. The slaughterhouse was closed from 1st April to 4th May 1996 due to lack of supply/demand for beef products.

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

No political nor charitable contributions have been made by the company during the year.

#### CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988 and a medium company within the meaning of the Companies Act, 1985.

#### AUDITORS

The Auditors, Messrs King Morter Proud & Co., have indicated their willingness to accept re-appointment under section 384(1) of the Companies Act 1985.

#### BY ORDER OF THE BOARD

.....  
K. MORGAN  
SECRETARY  
24 July 1996

# **EDWARD HAMER INTERNATIONAL LIMITED**

## **AUDITORS' REPORT TO THE DIRECTORS OF EDWARD HAMER INTERNATIONAL LIMITED**

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We have examined the abbreviated accounts on pages 4 to 11 together with the full financial statements of Edward Hamer International Limited for the year ended 31 March 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 5 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part 1 of Schedule 8 to that Act in respect of the period ended 31 March 1996, and the abbreviated accounts on pages 5 to 12 have been properly prepared in accordance with that schedule.

On 24 July 1996, we reported as auditors of Edward Hamer International Limited, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the period ended 31 March 1996 as follows:

### **" Respective responsibility of directors and auditors**

The company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **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 of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

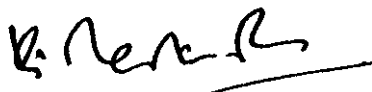
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Fundamental Uncertainty**

The market crisis involving Bovine Spongiform Encephalopathy (B.S.E.) has affected the wholesale and retail meat market adversely. The full effect upon the company cannot be quantified until the UK Government has finalised the compensation and slaughter arrangements and market confidence has been restored. Our report is not qualified in this respect.

## Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1996 and its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to medium companies."



KING, MORTER, PROUD AND CO.  
CHARTERED ACCOUNTANTS &  
REGISTERED AUDITORS  
BRECON  
POWYS

24 July 1996

EDWARD HAMER INTERNATIONAL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1996

	1996	1995
Turnover	15,367,542	11,823,666
Cost of Sales	13,405,804	10,305,323
Gross Profit	1,961,738	1,518,343
Distribution Costs	1,088,132	671,033
Administration Expenses	617,526	613,018
Other Operating Costs	101,528	60,369
Operating Profit\ (Loss)	154,552	173,923
Interest Receivable	7,917	22,720
	162,469	196,643
Interest payable	103,870	122,654
Profit on Ordinary Activities before Taxation	58,599	73,989
Tax on Ordinary Activities	10,398	8,745
Profit on Ordinary Activities after Taxation	48,201	65,244
Dividend	-	-
Accumulated Profits B/Fwd	295,924	230,680
Retained Profits Carried Forward	344,125	295,924

All amounts relate to continuing activities

All recognised gains and losses are included in the Profit & Loss Account

The notes on pages 8 to 12 form part of these accounts

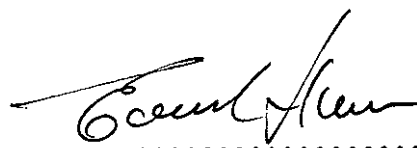
## EDWARD HAMER INTERNATIONAL LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31ST MARCH 1996

	Notes	1996	1995
Tangible Assets	12	715,249	684,143
CURRENT ASSETS			
Stock	1c	124,461	2,638
Debtors - within one year	13	1,150,410	1,274,902
- in more than one year	13	126,672	-
Cash at Bank and In Hand		702	106
Current Account - E. Hamer Ltd	14	21,825	44,228
		<u>1,424,070</u>	<u>1,321,874</u>
LESS CURRENT LIABILITIES:			
Falling due within one year	15	1,005,258	871,094
		<u>418,812</u>	<u>450,780</u>
NET CURRENT ASSETS			
		<u>1,134,061</u>	<u>1,134,923</u>
TOTAL ASSETS AND CURRENT ASSETS			
LONG TERM LIABILITIES:			
Falling due in more than 1 year	17	788,936	838,000
		<u>345,125</u>	<u>296,923</u>
NET ASSETS			
FINANCED BY			
Called up share capital	20	1,000	1,000
Profit and loss account		344,125	295,923
		<u>345,125</u>	<u>296,923</u>
Shareholders Funds - all equity			

In preparing these Abbreviated Accounts we have relied upon Section 246 and 247 of the Companies Act 1985 on the grounds that the Company is entitled to the benefit of those sections as a medium sized company.

These financial statements were approved by the Board on 24 July 1996

  
 .....  
 E M Hamer - Director

EDWARD HAMER INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1996

	1996	1995
Net cash flow from operating activities	182,079	92,604
Net interest received\ (paid)	(95,953)	(99,934)
Net cash inflow/(outflow) from operations after interest	86,126	(7,330)
Taxation paid	(8,745)	(3,500)
Net cash inflow\ (outflow) from operations after tax and dividend	77,381	(10,830)
Investing Activities		
Purchase of tangible fixed assets	(170,349)	(125,563)
Disposal of tangible fixed assets	4,500	16,253
Net cash flow before financing	(88,468)	(120,140)
Financing		
Directors Loan advance\ (repaid)	28,243	35,641
Bank Loan advance\ (repaid)	(100,000)	(100,000)
HP net long term increase	50,937	38,000
Decrease in cash and cash equivalents	(109,288)	(146,498)

NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to net cash flow from operating activities

Operating profit/(Loss)	154,552	173,923
Depreciation Charge	134,743	109,984
Movement in Stock	(121,823)	(2,638)
Movement in Debtors	48,214	(245,889)
Movement in Creditors	22,128	37,676
Movement in VAT Account	(55,735)	19,548
	182,079	92,604

Analysis of changes in cash and cash equivalents during the year

	Cash	Bank Accounts	Total
At 1st April 1995	106	(170,937)	(170,831)
Movement	596	(109,884)	(109,288)
At 31st March 1996	702	(280,821)	(280,119)

Analysis of changes in financing during the year

	Share Capital	Loans	Total
At 1st April 1995	1,000	1,022,281	1,023,281
Net cash flow	-	(20,821)	(20,821)
At 31st March 1996	1,000	1,001,460	1,002,460



## NOTES TO THE ABBREVIATED ACCOUNTS - YEAR ENDED 31ST MARCH 1996

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

## (a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 228 (and Section 230) of, and Schedule 4 to, the Companies Act 1985.

The effects of events relating to the year ended 31 March 1996 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 March 1996 and the results of the year ended on that date.

## (b) Depreciation

Depreciation has been computed to write off the costs of tangible fixed assets evenly over their expected useful lives using the following rates:

Plant & Equipment	-	At 10% per annum
Vehicles	-	At 20% per annum

## (c) Stock

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

## (d) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

## (e) Research and development

Expenditure on research and development is written off against the profits in the year in which it is incurred.

## (f) Leasing

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

(h) Pension Costs

The company operates a small self administered defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the contributions payable by the company to the fund.

(i) Government Grants

Government grants relating to expenditure on fixed assets are credited to the Fixed Asset at cost thereby reducing the cost to the company.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

2. TURNOVER

Turnover represents the invoiced amount of goods and services sold to external customers and is stated net of Value Added Tax. Turnover is comprised of UK and export sales of wholesale meat.

3. OPERATING PROFIT

The operating profit is expressed after charging:

	1996	1995
Depreciation	134,743	109,984
Auditors Remuneration	4,770	9,382
Pension cost for the period	68,400	88,000
Property Lease	60,000	60,000

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax based on profits for year at UK Corporation Tax rate of 25%	10,398	8,745
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5. LABOUR COSTS

The average number of employees was 60 and costs for the year were:

Wages and Salaries	644,901	502,467
Contractors Charges	35,497	29,375
Directors' Remuneration	88,000	94,000
Social Security Costs	71,380	56,475
	<hr/>	<hr/>
	839,778	682,317
	<hr/>	<hr/>

6. DIRECTORS EMOLUMENTS AND PENSIONS	1996	1995
Fees as directors	88,000	94,000
Pension Contributions	68,400	88,000
	<hr/>	<hr/>
	156,400	182,000
	<hr/>	<hr/>
Chairman's emoluments excluding pension	50,000	50,000
Remaining director's emoluments fell in the range of:		
£40,001 - 45,000	-	1
£35,001 - 40,000	1	-

7. TANGIBLE FIXED ASSETS

	Plant & Equipment	Motor Vehicles	Total
COST			
B/Fwd at 1.4.95	749,349	244,040	993,389
Additions	54,843	115,506	170,349
Less:			
Disposals	-	4,500	4,500
Eliminate Disposal	-	5,850	5,850
	<hr/>	<hr/>	<hr/>
C/fwd 31.3.96	804,192	349,196	1,153,388
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
B/Fwd at 1.4.95	221,285	87,961	309,246
Charge for year	78,541	56,202	134,743
Less:			
Eliminate Disposal	-	5,850	5,850
	<hr/>	<hr/>	<hr/>
C/fwd 31.3.96	299,826	138,313	438,139
	<hr/>	<hr/>	<hr/>
Book Value			
at 31.3.96	504,366	210,883	715,249
at 31.3.95	528,064	156,079	684,143

8. DEBTORS

	1996	1995
Trade Debtors	1,019,564	1,393,939
Sundry Debtors & Prepayments	251,571	2,008
VAT Refundable	27,991	-
	<hr/>	<hr/>
	1,299,126	1,395,947
Less:		
Provision for doubtful debts	148,716	121,045
	<hr/>	<hr/>
	1,150,410	1,274,902
	<hr/>	<hr/>
Amounts receivable in more than one year		
Amount owed by company under common control due 1st April 1997	126,672	-

9. CURRENT ACCOUNT - EDWARD HAMER LIMITED

The company operates a current account for non-trading items with Edward Hamer Limited, a company under common control registered in the UK. The balance due from Edward Hamer Ltd amounted to £21,825 at the balance sheet date.

10. CURRENT LIABILITIES - amounts falling due in one year

	1996	1995
Trade Creditors	422,800	418,857
Taxation Creditors	56,942	85,019
Bank Account	280,821	170,937
Hire Purchase Account	32,171	12,000
Directors Loan Account	112,524	84,281
Bank Term Loan	100,000	100,000
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	1,005,258	871,094
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11. DIRECTORS' LOAN ACCOUNT

The loan is interest free and there are no formal terms for repayment.

12. LONG TERM LIABILITIES - amounts falling due in more than one year.

Hire Purchase - in one to two years	32,171	12,000
Hire Purchase - in three to five years	56,765	26,000
Bank Loan - in two to five years	400,000	400,000
Bank Loan - due in more than 5 years	300,000	400,000
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	788,936	838,000
	<hr/>	<hr/>

13. SECURED CREDITORS - BARCLAYS BANK

The bank loan and overdraft are secured by way of:

- a. A cross guarantee and debenture between Edward Hamer International Ltd and Edward Hamer Ltd (a company under common control);
- b. a first legal charge relating to the freehold deeds of the Dolwen Abattoir (owned by Edward Hamer Ltd);
- c. a first legal charge relating to the freehold deeds of other freehold property owned by Edward Hamer Ltd;
- d. a first legal charge on freehold property owned by E.M. Hamer, the controlling director.

Bank Loan repayments fall due:

	1996	1995
within one year	100,000	100,000
in one to two years	100,000	100,000
in three to five years	300,000	300,000
in more than five years	300,000	400,000

#### 14. POST BALANCE SHEET EVENTS

There have been no events of a material nature which affect the financial state of affairs disclosed in these accounts. The directors record their concern at the continuing lack of confidence in the market place following the B.S.E. beef crisis which broke in March 1996. The abattoir was closed from 1st April to 4th May 1996 due to lack of supply/demand for beef products.

#### 15. SHARE CAPITAL

	Authorised		Allotted, Issued and Fully Paid	
	31-03-96	31-03-95	31-03-96	31-03-95
Ord. Shares of £1 each	1,000	1,000	1,000	1,000

No shares were issued in the year.

#### 16. TRANSACTIONS CONCERNING DIRECTORS

The company operates 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. The directors' beneficial ownership of shares in Edward Hamer Ltd is:

E.M. Hamer	33,000 Ord. Shares
Mrs C. Hamer	2,000 Ord. Shares

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Total issued shares of Edward Hamer Ltd 35,000

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The company also trades with Edward Hamer Ltd in the normal supply of its products. All transactions between the two companies are in the ordinary course of business and are conducted at arm's length.

During the year ended 31 March 1996 the following transactions took place:

- Rent £60,000 paid to Edward Hamer Ltd;
- sale of meat products amounting to £106,269 to Edward Hamer Ltd;
- purchases of meat products amounting to £2,087 from Edward Hamer Limited.

#### 17. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 1996, the company had annual commitments of £60,000 in respect of non-cancellable operating leases of land and buildings expiring on 31st March 1998.