

Newberry International Produce Limited

FINANCIAL STATEMENTS

for the year ended

28 February 2004



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Company Registration No. 3262617

Newberry International Produce Limited

FINANCIAL STATEMENTS

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Newberry International Produce Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A E Cooke
I C Brough
D P Thulborn

SECRETARY

I C Brough

REGISTERED OFFICE

Newberry House
New Street
Ledbury
Herefordshire
HR8 2EJ

AUDITORS

Baker Tilly
Chartered Accountants
Elgar House
Holmer Road
Hereford
HR4 9SF

Newberry International Produce Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Newberry International Produce Limited for the year ended 28 February 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of trading in fruit and vegetables.

REVIEW OF THE BUSINESS

The failure in October 2003 of Hibernia Foods Ltd (major customer) has resulted in a significant bad debt, despite recovery of stocks valued at £120,000. This had a significant impact on turnover, cash flow and stocks, as contracted quantities still had to be taken.

The lost business has been replaced with new customers and the company looks forward to a significantly profitable year to February 2005. Newberry Farm Foods Ltd, which had been a trading division of Newberry International Produce Ltd, commenced trading as a separate limited company in July 2003. The group as a whole turned over £6.93m compared with a turnover of £6.08m during the previous year.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 28 February 2004	At 28 February 2003
A E Cooke	892	892
I C Brough	108	108
D P Thulborn	<u>81</u>	<u>81</u>

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, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 requirements of 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.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

Newberry International Produce Limited

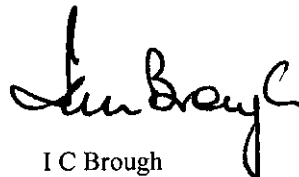
DIRECTORS' REPORT

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Newberry House
New Street
Ledbury
Herefordshire
HR8 2EJ

By order of the board



I C Brough

Company Secretary

16 JULY 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBERRY INTERNATIONAL PRODUCE LIMITED

We have audited the financial statements on pages 6 to 13.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. *This other information comprises only the Directors' Report. We consider the implications* for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

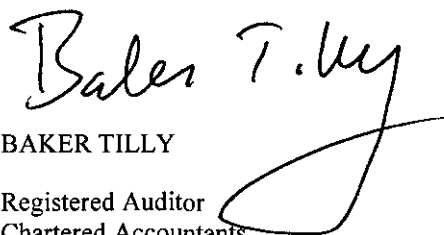
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEWBERRY INTERNATIONAL PRODUCE LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 February 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Baker Tilly', is written over the printed name and title.

BAKER TILLY

Registered Auditor
Chartered Accountants

Elgar House
Holmer Road
Hereford
HR4 9SF

29 July 2004

Newberry International Produce Limited

PROFIT AND LOSS ACCOUNT for the year ended 28 February 2004

	Notes	2004 £	2003 £
TURNOVER		6,596,286	6,081,960
Cost of sales		(6,089,562)	(5,493,927)
Gross profit		506,724	588,033
Administrative expenses		(626,866)	(527,301)
Other operating income	2	11,162	—
OPERATING (LOSS)/PROFIT	3	(108,980)	60,732
Interest receivable	5	—	7,177
Interest payable		(27,545)	(23,299)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(136,525)	44,610
Taxation	6	11,076	(9,743)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(125,449)	34,867
Equity dividends paid		(9,093)	—
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(134,542)	34,867

Newberry International Produce Limited

BALANCE SHEET

28 February 2004

	Notes	£	2004 £	2003 £
FIXED ASSETS				
Tangible assets	7		105,290	100,037
CURRENT ASSETS				
Stocks		420,147		430,235
Debtors	8	859,698		1,024,875
Cash at bank and in hand		132,223		10,360
		<u>1,412,068</u>		<u>1,465,470</u>
CREDITORS				
Amounts falling due within one year	9	(1,261,326)		(1,170,184)
NET CURRENT ASSETS			150,742	295,286
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>256,032</u>	<u>395,323</u>
CREDITORS				
Amounts falling due after more than one year	10		(1,524)	—
			<u>254,508</u>	<u>395,323</u>
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	11		—	(6,273)
			<u>254,508</u>	<u>389,050</u>
CAPITAL AND RESERVES				
Called up equity share capital	14		1,081	1,081
Share premium account			228,900	228,900
Profit and loss account	15		24,527	159,069
SHAREHOLDERS' FUNDS			<u>254,508</u>	<u>389,050</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 16.7.04 and are signed on their behalf by:

A E Cooke
Director



Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% per annum
Motor Vehicles	-	25% per annum
Equipment	-	20% per annum

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

1 ACCOUNTING POLICIES *(continued)*

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

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

2 OTHER OPERATING INCOME

	2004	2003
	£	£
Management charges receivable	<u>11,162</u>	<u>—</u>

3 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2004	2003
	£	£
Staff pension contributions	7,624	7,586
Depreciation of owned fixed assets	19,590	19,940
Depreciation of assets held under hire purchase agreements	2,249	—
Auditors' fees	4,700	4,500
Net profit on foreign currency translation	<u>(87,071)</u>	<u>(2,690)</u>

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Aggregate emoluments	<u>23,565</u>	<u>72,285</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

5 INTEREST RECEIVABLE

	2004	2003
	£	£
Other loan interest receivable	—	1,534
Interest received on debtors	—	5,643
	<u>—</u>	<u>7,177</u>

6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	(4,475)	4,500
Over/under provision in prior year	(328)	832
Total current tax	<u>(4,803)</u>	<u>5,332</u>
Deferred tax:		
(Decrease)/increase in deferred tax provision	<u>(6,273)</u>	<u>4,411</u>
Tax on (loss)/profit on ordinary activities	<u>(11,076)</u>	<u>9,743</u>

7 TANGIBLE FIXED ASSETS

	Plant, Machinery & Equipment £	Motor Vehicles £	Equipment £	Total £
Cost				
At 28 February 2003	92,343	6,131	34,594	133,068
Additions	16,390	8,995	3,496	28,881
Disposals	—	—	(1,789)	(1,789)
At 28 February 2004	<u>108,733</u>	<u>15,126</u>	<u>36,301</u>	<u>160,160</u>
Depreciation				
At 28 February 2003	13,852	2,517	16,662	33,031
Charge for the year	13,822	3,152	4,865	21,839
At 28 February 2004	<u>27,674</u>	<u>5,669</u>	<u>21,527</u>	<u>54,870</u>
Net book value				
At 28 February 2004	<u>81,059</u>	<u>9,457</u>	<u>14,774</u>	<u>105,290</u>
At 28 February 2003	<u>78,491</u>	<u>3,614</u>	<u>17,932</u>	<u>100,037</u>

Future capital commitments

There were no future capital commitments at 28 February 2004 (2003 - £Nil).

Hire purchase agreements

Included within the net book value of £105,290 is £6,746 (2003 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,249 (2003 - £Nil).

Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

8 DEBTORS

	2004	2003
	£	£
Trade debtors	762,672	923,801
Corporation tax repayable	4,475	—
Other debtors	92,551	101,074
	<u>859,698</u>	<u>1,024,875</u>

9 CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	533,890	423,523
Trade creditors	681,411	711,954
Corporation tax	—	4,503
Other taxation and social security	6,451	12,407
Hire purchase agreements	3,924	—
Other creditors	35,650	17,797
	<u>1,261,326</u>	<u>1,170,184</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	<u>533,766</u>	<u>410,163</u>

The bank loans and overdraft are repayable on demand and are secured by a fixed and floating charge over all current and future assets of the company.

10 CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Hire purchase agreements	<u>1,524</u>	<u>—</u>

11 DEFERRED TAXATION

	2004
	£
The movement in the deferred taxation provision during the year was:	
Provision brought forward	6,273
Profit and loss account movement arising during the year	<u>(6,273)</u>
Provision carried forward	<u>—</u>

Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

11 DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	—	6,273
	<u>—</u>	<u>6,273</u>

12 COMMITMENTS UNDER OPERATING LEASES

At 28 February 2004 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2004	2003
	£	£
Operating leases which expire:		
Within 1 year	1,897	3,950
Within 2 to 5 years	7,896	6,867
	<u>9,793</u>	<u>10,817</u>

13 RELATED PARTY TRANSACTIONS

During the year rental payments to the value of £11,751 (2003 - £13,300) and property services costs of £Nil (2003 - £22,840) were made by the company to the B & C Properties, a partnership in which I C Brough and A E Cooke are both partners. Management charges of £74,055 were payable to the partnership during the year (2003: £Nil). At the year end the company owed the partnership £3,978.

At the year end A E Cooke (director) had an outstanding loan with the company and was owed £22,300 (2003: £Nil) from the company.

At 28 February 2004 there was a loan of £11,316 (2003: £41,466) to Outside Eyes limited, a company whose only directors are A E Cooke and I C Brough.

At the year end the company owed EMT partnership, of which P Thulborn (director) is a partner, £7,187 (2003: £Nil). During the year the company paid management fees of £35,000; rent of £26,400 and paid for Technical Services of £11,000 to the EMT partnership.

Newberry Farm Foods Limited (all directors in Newberry International Produce are directors of Newberry Farm Foods Ltd) sold goods to the company totalling £4,878 and purchased goods from the company totalling £138,639. The company received Management fees of £11,162 during the year and recharged costs totalling £41,541. At the year end the company owed £1,583 and was owed £69,087 from Newberry Farm Foods Limited.

Newberry International Produce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2004

14 SHARE CAPITAL

	2004 £	2003 £
Authorised: 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	2004 £	2003 £
Allotted, called up and fully paid: 1,081 Ordinary shares of £1 each	<u>1,081</u>	<u>1,081</u>

15 PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
At 28 February 2003	159,069	124,202
(Accumulated loss)/retained profit for the financial year	<u>(134,542)</u>	<u>34,867</u>
At 28 February 2004	<u>24,527</u>	<u>159,069</u>