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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 30TH MARCH 1997 TO 28TH MARCH 1998
FOR
ESSEX RETAIL PACKERS LIMITED**



ESSEX RETAIL PACKERS LIMITED

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for the Period 30th March 1997 to 28th March 1998

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ESSEX RETAIL PACKERS LIMITED

COMPANY INFORMATION

for the Period 30th March 1997 to 28th March 1998

DIRECTORS:

T Johnson
B Stacey
P G Warburton
S C Crosby

SECRETARY:

I D Woods

REGISTERED OFFICE:

Talgarrek House
Victoria Business Park
Roche
St. Austell
Cornwall
PL26 8LX

REGISTERED NUMBER:

3287609 (England and Wales)

AUDITORS:

Kidsons Impey
Registered Auditors
Chartered Accountants
Spectrum House
20-26 Curistor Road
London EC4A 1HY

ESSEX RETAIL PACKERS LIMITED

REPORT OF THE DIRECTORS

for the Period 30th March 1997 to 28th March 1998

The directors present their report with the financial statements of the company for the period 30th March 1997 to 28th March 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of meat packaging and wholesaling.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the period ended 28th March 1998.

DIRECTORS

The directors during the period under review were:

T Johnson
B Stacey
P G Warburton
S C Crosby

The directors holding office at 28th March 1998 did not hold any beneficial interest in the issued share capital of the company at 30th March 1997 or 28th March 1998.

YEAR 2000 COSTS

The directors have made an assessment of the risks and uncertainties associated with the year 2000 problem. The company's computers are being reviewed and upgraded where necessary. The costs have not been quantified.

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;
- 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.

AUDITORS

The auditors, Kidsons Impey, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



I D Woods - SECRETARY

Dated: 21st January 1999

ESSEX RETAIL PACKERS LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ESSEX RETAIL PACKERS LIMITED

We have audited the financial statements on pages four to eleven which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28th March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey
Registered Auditors
Chartered Accountants
Spectrum House
20-26 Curistor Road
London EC4A 1HY

Dated: 21st January 1999

ESSEX RETAIL PACKERS LIMITED

PROFIT AND LOSS ACCOUNT

for the Period 30th March 1997 to 28th March 1998

	Notes	Period 30.3.97 to 28.3.98		Period 4.12.96 to 29.3.97	
		£	£	£	£
TURNOVER	2		23,307,676		3,854,685
Cost of sales			21,308,359		3,566,671
GROSS PROFIT			1,999,317		288,014
Distribution costs		595,536		99,914	
Administrative expenses		750,638		120,597	
			1,346,174		220,511
OPERATING PROFIT	4		653,143		67,503
Interest receivable and similar income	5		12,565		-
			665,708		67,503
Interest payable and similar charges	6		4,714		-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			660,994		67,503
Tax on profit on ordinary activities	7		205,000		15,000
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			455,994		52,503
Retained profit brought forward			52,503		-
RETAINED PROFIT CARRIED FORWARD			£508,497		£52,503

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current or previous periods.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current or previous periods.

ESSEX RETAIL PACKERS LIMITED

BALANCE SHEET
28th March 1998

		28.3.98		29.3.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		608,112		526,243
CURRENT ASSETS:					
Stocks	9	97,000		116,153	
Debtors	10	890,530		859,665	
Cash at bank and in hand		419,438		768,807	
		1,406,968		1,744,625	
CREDITORS: Amounts falling due within one year	11	1,494,845		2,218,364	
NET CURRENT LIABILITIES:			(87,877)		(473,739)
TOTAL ASSETS LESS CURRENT LIABILITIES:			520,235		52,504
CREDITORS: Amounts falling due after more than one year	12		11,737		-
			£508,498		£52,504
CAPITAL AND RESERVES:					
Called up share capital	14		1		1
Profit and loss account			508,497		52,503
Shareholders' funds	18		£508,498		£52,504

ON BEHALF OF THE BOARD:

T Johnson - DIRECTOR

Approved by the Board on 21st January 1999

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 30th March 1997 to 28th March 1998

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company's holding company prepares a group cash flow statement.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	Period 30.3.97 to 28.3.98 £	Period 4.12.96 to 29.3.97 £
Wages and salaries	1,689,944	272,349
Social security costs	147,738	18,064
	<u>1,837,682</u>	<u>290,413</u>

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 30th March 1997 to 28th March 1998

3. STAFF COSTS - continued

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

	Period 30.3.97 to 28.3.98	Period 4.12.96 to 29.3.97
Management and administration	4	4
Production and sales	126	116
	<u>130</u>	<u>120</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 30.3.97 to 28.3.98 £	Period 4.12.96 to 29.3.97 £
Depreciation - owned assets	119,391	14,096
Depreciation - assets on hire purchase contracts	11,986	3,995
Auditors' remuneration	20,000	3,000
	<u>-</u>	<u>-</u>
Directors' emoluments	-	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 30.3.97 to 28.3.98 £	Period 4.12.96 to 29.3.97 £
Deposit account interest	12,565	-

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 30.3.97 to 28.3.98 £	Period 4.12.96 to 29.3.97 £
Bank interest	1,971	-
Hire purchase	2,743	-
	<u>4,714</u>	<u>-</u>

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 30th March 1997 to 28th March 1998

7. TAXATION

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 30.3.97 to 28.3.98 £	Period 4.12.96 to 29.3.97 £
UK Corporation Tax	<u>205,000</u>	<u>15,000</u>

UK Corporation Tax has been charged at 31% (1997 - 33%).

8. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 30th March 1997	442,513	101,821	-	544,334
Additions	<u>198,647</u>	<u>8,297</u>	<u>6,302</u>	<u>213,246</u>
At 28th March 1998	<u>641,160</u>	<u>110,118</u>	<u>6,302</u>	<u>757,580</u>
DEPRECIATION:				
At 30th March 1997	14,736	3,355	-	18,091
Charge for period	<u>109,264</u>	<u>21,831</u>	<u>282</u>	<u>131,377</u>
At 28th March 1998	<u>124,000</u>	<u>25,186</u>	<u>282</u>	<u>149,468</u>
NET BOOK VALUE:				
At 28th March 1998	<u>517,160</u>	<u>84,932</u>	<u>6,020</u>	<u>608,112</u>
At 29th March 1997	<u>427,777</u>	<u>98,466</u>	<u>-</u>	<u>526,243</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery
	£
COST:	
At 30th March 1997 and 28th March 1998	<u>59,930</u>
DEPRECIATION:	
At 30th March 1997	3,995
Charge for period	<u>11,986</u>
At 28th March 1998	<u>15,981</u>
NET BOOK VALUE:	
At 28th March 1998	<u>43,949</u>
At 29th March 1997	<u>55,935</u>

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Period 30th March 1997 to 28th March 1998

9. STOCKS

	28.3.98	29.3.97
	£	£
Raw materials - dry stocks	41,000	54,068
Finished goods	56,000	62,085
	<u>97,000</u>	<u>116,153</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	28.3.98	29.3.97
	£	£
Trade debtors	671,933	579,453
Prepayments & accrued income	218,597	280,212
	<u>890,530</u>	<u>859,665</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	28.3.98	29.3.97
	£	£
Hire purchase contracts (see note 13)	17,028	-
Trade creditors	1,155,418	1,950,524
Other creditors	1,121	-
Due to group undertakings	-	100,000
Social security & other taxes	51,243	32,164
Taxation	220,000	15,000
Accrued expenses	50,035	120,676
	<u>1,494,845</u>	<u>2,218,364</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	28.3.98	29.3.97
	£	£
Hire purchase contracts (see note 13)	11,737	-
	<u>11,737</u>	<u>-</u>

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 30th March 1997 to 28th March 1998

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	28.3.98	29.3.97
	£	£
Gross obligations repayable:		
Within one year	19,070	-
Between one and five years	12,231	-
	<u>31,301</u>	<u>-</u>
Finance charges repayable:		
Within one year	2,042	-
Between one and five years	494	-
	<u>2,536</u>	<u>-</u>
Net obligations repayable:		
Within one year	17,028	-
Between one and five years	11,737	-
	<u>28,765</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	28.3.98	29.3.97
		value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	28.3.98	29.3.97
		value:	£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

15. ULTIMATE PARENT COMPANY

Essex Retail Packers Limited is a wholly owned subsidiary of St Merryn Meat Limited, a company registered in England.

16. OTHER FINANCIAL COMMITMENTS

The company is party with its holding company and fellow subsidiaries to cross guarantees in respect of bank borrowings.

17. RELATED PARTY DISCLOSURES

The ultimate controlling party is Mr T Johnson by virtue of his shareholding in St. Merryn Meat Limited and position as managing director of the company.

The company and its fellow subsidiaries are taking advantage of the exemption included in Financial Reporting Standard Number 8, not to disclose transactions between group companies.

ESSEX RETAIL PACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the Period 30th March 1997 to 28th March 1998

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28.3.98	29.3.97
	£	£
Profit for the financial period	455,994	52,503
Subscriber issue	-	1
	<hr/>	<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS	455,994	52,504
Opening shareholders' funds	52,504	-
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	508,498	52,504
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Equity interests	508,498	52,504
	<hr/>	<hr/>