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Registered no: NI 35481

Clarendon Agricare Limited

Annual report

for the year ended 24 September 2004

Clarendon Agricare Limited

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for the year ended 24 September 2004

Clarendon Agricare Limited

Directors and advisers

Directors

DW Armour
M Barrett
MBW Bruce
CWJ Coffey
DA Venus

Secretary

N Forristal

Registered office

23 Seagoe Industrial Estate
Portadown
Co Armagh

Solicitors

Arthur Cox
Northern Ireland
Stokes House
17/25 College Square East
Belfast

Bankers

Ulster Bank Limited
20 High Street
Portadown
Co Armagh

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Clarendon Agricare Limited

Directors' report
for the year ended 24 September 2004

The directors present their report and the audited financial statements for the year ended 24 September 2004.

Principal activities

The principal activity of the company is that of the distribution of cropcare products and seeds.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit for the financial year is £188,775 (2003: £152,626). The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1. In accordance with the Articles of Association the directors are not required to retire by rotation. No director had any interest in the shares of the company at 24 September 2004, or at any time during the period.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs 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 (Northern Ireland) Order 1986. 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, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

N. Forristal

N Forristal
Secretary
Date
17/1/05

Independent auditors' report to the members of Clarendon Agricare Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Northern Ireland 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 the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 (Northern Ireland) Order 1986. 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 is not disclosed.

Basis of audit 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 at 24 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
Date: 17 February 2005

Clarendon Agricare Limited

Profit and loss account
for the year ended 24 September 2004

	Notes	2004 £	2003 £
Turnover	2	**4,082,265**	3,667,310
Cost of sales		**(3,291,360)**	(2,986,593)
Gross profit		**790,905**	680,717
Other operating expenses	3	**(512,074)**	(446,052)
Operating profit		**278,831**	234,665
Interest payable		**(4,603)**	(1,712)
Profit on ordinary activities before taxation	6	**274,228**	232,953
Tax on profit on ordinary activities	7	**(85,453)**	(80,327)
Retained profit for the financial year	15	**188,775**	152,626

All amounts above relate to continuing operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Clarendon Agricare Limited

Balance sheet at 24 September 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	8	**210,056**	225,060
Tangible assets	9	**341,358**	328,321
		551,414	553,381
Current assets			
Stocks	10	**430,995**	259,492
Debtors	11	**2,969,044**	2,452,928
Cash		**46,030**	328,523
		3,446,069	3,040,943
Creditors: amounts falling due within one year	12	**(2,103,223)**	(1,888,839)
Net current assets		**1,342,846**	1,152,104
Net assets		**1,894,260**	1,705,485
Capital and reserves			
Called up share capital	14	**1,117,721**	1,117,721
Profit and loss account	15	**776,539**	587,764
Equity shareholders' funds	16	**1,894,260**	1,705,485

The financial statements on pages 4 to 11 were approved by the board on 17/1/05 and were signed on its behalf by:

M Barrett M. Barrett

Director

Notes to the financial statements for the year ended 24 September 2004

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The principal accounting policies adopted are set out below.

Goodwill

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life. The useful economic life of the asset shown in Note 8 has been estimated by the directors at twenty years. Financial Reporting Standard (FRS)10 "Goodwill and Intangible Assets" requires goodwill to be accounted for as an asset and amortised over its useful economic life. Previously, on acquisition of a business, the company had the option of writing goodwill off directly against reserves.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Freehold buildings	-	2 straight line
Plant and machinery	-	25 straight line
Motor vehicles	-	25 straight line

The cost of freehold land is not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax and is net of sales returns, trade discounts and rebates. Revenue is recognised upon shipment of products, which is when title to the product is transferred to the customer.

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 profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate.

1 Accounting policies (continued)

Leased assets

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 corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the profit and loss account on a straight line basis over the shorter of the lease terms and the useful lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding.

Rentals under operating leases are charged to revenue as incurred.

2 Analysis of turnover and results

Turnover and results relate to the company's main activity which is carried out in the United Kingdom.

3 Other operating expenses

	2004	2003
	£	£
Distribution costs	**88,613**	72,127
Administrative expenses	**384,108**	312,611
Establishment expenses	**39,353**	61,314
	512,074	446,052

4 Directors' emoluments

	2004	2003
	£	£
Aggregate emoluments (including benefits in kind)	**64,741**	63,345

Retirement benefits are accruing to one (2003: one) director under money purchase schemes.

5 Employee information

	2004	2003
	£	£
Staff costs		
Wages and salaries	**188,085**	180,713
Social security costs	**19,833**	17,746
Other pension costs	**11,016**	9,406
	218,934	207,865

	Number	Number
Average monthly number of persons employed by the company (including directors) during the year by activity		
Selling and distribution	**5**	6
Administration	**4**	4
	9	10

6 Profit on ordinary activities before taxation

	2004	2003
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of goodwill	**15,004**	15,004
Depreciation charge for the year	**22,109**	20,091
Auditors' remuneration	**6,597**	6,350
Hire of other assets – operating leases	**16,107**	14,802

7 Tax on profit on ordinary activities

	2004	2003
	£	£
Current tax		
Group relief payable at 30%	**95,670**	81,000
Adjustment in respect of previous periods – group relief	**828**	-
Total current tax	**96,498**	81,000
Deferred tax		
Accelerated capital allowances and other timing differences	**(2,002)**	(673)
Adjustment in respect of previous periods	**(9,043)**	-
Total deferred tax	**(11,045)**	(673)
Tax on profit on ordinary activities	**85,453**	80,327

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	**274,228**	232,953
Profit on ordinary activities multiplied by standard rate in the UK 30%	**82,268**	69,886
Effects of:		
Expenses not deductible for tax purposes	**11,400**	10,441
Accelerated capital allowances and other timing differences	**2,002**	673
Adjustment in respect of previous periods	**828**	-
Current tax charge for the year	**96,498**	81,000

8 Intangible fixed assets

	Goodwill
	£
Cost	
At 27 September 2003 and **24 September 2004**	300,080
Aggregate amortisation	
At 27 September 2003	75,020
Charge for the year	15,004
At 24 September 2004	**90,024**
Net book value	
At 24 September 2004	**210,056**
At 26 September 2003	225,060

Goodwill arose on the purchase by the company of the business and certain assets and liabilities of an agricare company. The goodwill is being amortised over a period of twenty years.

9 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 27 September 2003	350,000	50,232	12,057	412,289
Additions	-	6,601	28,545	35,146
At 24 September 2004	**350,000**	**56,833**	**40,602**	**447,435**
Depreciation				
At 27 September 2003	31,543	43,387	9,038	83,968
Charge for the year	7,001	4,956	10,152	22,109
At 24 September 2004	**38,544**	**48,343**	**19,190**	**106,077**
Net book value				
At 24 September 2004	**311,456**	**8,490**	**21,412**	**341,358**
At 26 September 2003	318,457	6,845	3,019	328,321

10 Stocks

	2004	2003
	£	£
Goods for resale	**430,995**	259,492

11 Debtors

	2004	2003
	£	£
Trade debtors	**904,920**	837,258
Amounts owed by group undertakings	**1,960,076**	1,496,330
Other debtors	**77,453**	104,183
Deferred tax asset	**11,045**	-
Prepayments and accrued income	**15,550**	15,157
	2,969,044	2,452,928

12 Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	**1,452,660**	1,398,751
Amounts due to group undertakings	**16,281**	-
Group relief payable	**234,362**	137,864
Other tax and social security	**155,379**	109,901
Accruals and deferred income	**244,541**	242,323
	2,103,223	1,888,839

13 Deferred taxation

	2004	2003
	£	£
Tax effect of timing differences arising on:		
Excess of tax allowances over depreciation	**(845)**	9,000
Short term timing differences	**(10,200)**	(9,000)
	(11,045)	-

	£
Movement in the year:	
At 27 September 2003	-
Profit and loss account	(11,045)
At 24 September 2004	**(11,045)**

14 Called up share capital

	2004	2003
	£	£
Authorised		
2,000,000 ordinary shares of £1 each	**2,000,000**	2,000,000
Allotted and fully paid		
1,117,721 ordinary shares of £1 each	**1,117,721**	1,117,721

15 Profit and loss account

	£
At 27 September 2003	587,764
Retained profit for the year	188,775
At 24 September 2004	**776,539**

16 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Opening shareholders' funds	**1,705,485**	1,552,859
Profit for the financial year	**188,775**	152,626
Closing shareholders' funds	**1,894,260**	1,705,485

17 Financial commitments

At 24 September 2004 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2004	2003
	£	£
Within one year	**1,540**	6,736
In more than one year, but not more than five years	**11,635**	8,980
	13,175	15,716

18 Guarantees

The company is party to inter-company cross guarantees in relation to group banking facilities.

19 Pension commitments

A defined contribution pension scheme is operated on behalf of the employees. The assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £11,016.

20 Ultimate and immediate parent companies

The directors regard Greencore Group plc, a company registered in the Republic of Ireland, as the ultimate parent company. Greencore UK Holdings plc which is registered in England and Wales had a 100% interest in the equity capital of Clarendon Agricare Limited. As such, the company is exempt from the reporting requirements of Financial Reporting Standards 1 and 8.