

**Company Registration No. 58397**

**TOWERS & CO LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**



## **TOWERS & CO LIMITED**

### **DIRECTORS' REPORT**

For the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

#### **Principal Activities**

The Company is principally engaged in the wholesale, importing and distribution of meat and poultry.

#### **Results and Review of Operations**

The Company made a pre-tax profit for the year of £853,000 (2003: £1,136,000).

#### **Dividend**

An interim dividend of £100,000 (2003: £500,000) has been paid for the year. The directors recommend the payment of a final dividend of £400,000 (2003: £500,000), making a total of £500,000 (2003: £1,000,000) for the year.

#### **Directors and Directors' Interests**

Details of directors who held office during the financial year, and their beneficial interests in the shares of the ultimate parent company at the beginning and end of the financial year as recorded in the register of directors' shares and debenture interests, are:

	Towers Thompson Holdings Ltd £0.10 Ordinary Shares 1 January and 31 December 2004
D L Clark	225,000
T G Goddard	300,000
A P Thompson	*420,000
D W Berry	165,000
P Dolan	165,000

\*Includes 120,000 ordinary shares in which A P Thompson has a non beneficial interest.

None of the directors held any shares in Towers & Co Limited during the year.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of the company, or any other group company, were granted to any of the directors or their immediate families, or exercised by them in the year.

#### **Political and Charitable Donations**

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £2,000 (2003: £1,000).

**TOWERS & CO LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

For the year ended 31 December 2004

**Employment of Disabled Persons**

The Company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

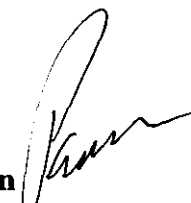
**Employees**

The Company considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and of the Company as a whole.

**Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the Board

  
**P Dolan**  
**Secretary**

Turnford Place  
Great Cambridge Road  
Broxbourne  
Hertfordshire  
EN10 6NH

31 March 2005

## **TOWERS & CO LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

For the year ended 31 December 2004

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 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 a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **TOWERS & CO LIMITED**

### **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF TOWERS & CO LTD**

We have audited the financial statements on pages 5 to 20.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG LLP  
Chartered Accountants  
Registered Auditor  
Aquis Court  
31 Fishpool Street  
St. Albans  
Hertfordshire  
AL3 4RF

31 March 2005

**TOWERS & CO LIMITED****Profit and Loss Account**

For the Year Ended 31 December 2004

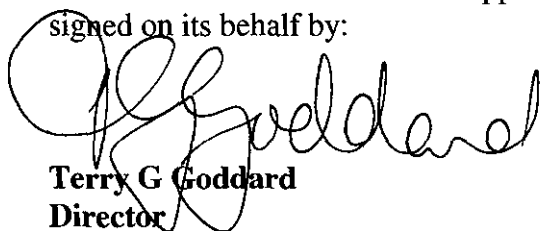
	<i>Note</i>	<b>2004</b>	2003
		<b>£'000</b>	£'000
<b>Turnover</b>	2	<b>128,608</b>	114,507
Cost of Sales		<b>(115,629)</b>	(102,618)
<b>Gross Profit</b>		<b>12,979</b>	11,889
Distribution Costs		<b>(3,077)</b>	(2,744)
Administrative Expenses		<b>(8,433)</b>	(7,854)
<b>Operating Profit</b>	4	<b>1,469</b>	1,291
Income from shares in group undertaking	8	-	190
Interest Receivable and Similar Income	5	<b>2</b>	-
Interest Payable and Similar Charges	6	<b>(618)</b>	(345)
<b>Profit on Ordinary Activities Before Taxation</b>		<b>853</b>	1,136
Tax on Profit on Ordinary Activities	7	<b>(271)</b>	(254)
<b>Profit on Ordinary Activities After Taxation</b>		<b>582</b>	882
<b>Profit for the Financial Year</b>	20	<b>582</b>	882
Dividends Payable	9	<b>(500)</b>	(1,000)
<b>Retained Profit/(Loss) for the Year</b>	20	<b>82</b>	(118)

All of the company's activities are derived from continuing operations. There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

**TOWERS & CO LIMITED**  
**BALANCE SHEET**  
As at 31 December 2004

	<i>Note</i>	<b>2004</b>		2003	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed Assets</b>					
Intangible Assets	10		<b>50</b>		-
Tangible Assets	11		<b>2,024</b>		1,866
Investments	12		<b>1,570</b>		1,570
			<b>3,644</b>		3,436
<b>Current Assets</b>					
Stocks	13	<b>11,950</b>		12,468	
Debtors	14	<b>19,981</b>		20,079	
Cash at Bank and in hand		<b>2,355</b>		798	
		<b>34,286</b>		33,345	
Creditors due within one year	16	<b>(22,074)</b>		(20,849)	
<b>Net Current Assets</b>			<b>12,212</b>		12,496
<b>Total Assets Less Current Liabilities</b>			<b>15,856</b>		15,932
Creditors due after more than one year	17		<b>(660)</b>		(818)
<b>Net Assets</b>			<b>15,196</b>		15,114
<b>Capital and Reserves</b>					
Called Up Share Capital	19		<b>13,549</b>		13,549
Profit and Loss Account	20		<b>1,647</b>		1,565
<b>Equity Shareholder's Funds</b>			<b>15,196</b>		15,114

These financial statements were approved by the board of directors on 31 March 2005 and were signed on its behalf by:



**Terry G Goddard**  
**Director**

**TOWERS & CO LIMITED****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

For the Year ended 31 December 2004

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Profit for the Financial Year	<b>582</b>	882
Dividends	<b>(500)</b>	<b>(1,000)</b>
Net Addition to/(Reduction) in Shareholders' Funds	<b>82</b>	<b>(118)</b>
Opening Shareholders' Funds	<b>15,114</b>	15,232
Closing Shareholders' Funds	<b><u>15,196</u></b>	<b><u>15,114</u></b>



# **TOWERS & CO LIMITED**

## **NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004

### **1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The Company has followed the transitional arrangements of FRS17 'Retirement benefits'.

#### **Basis of Preparation**

The accounts have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Towers Thompson Holdings Limited, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Towers Thompson Holdings Limited, within which this Company is included, are available to the public and can be obtained from Turnford Place, Great Cambridge Road, Turnford, Hertfordshire, EN10 6NH.

#### **Turnover**

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services.

#### **Depreciation**

The cost or valuation of tangible fixed assets is written off on a straight line basis over their estimated useful lives. Principal rates of depreciation in use by the Company are:-

Freehold Buildings	-	50 - 100 years
Leasehold Property	-	Period of Lease
Plant and Equipment	-	15%-20%
Motor Vehicles	-	20%-25%

# **TOWERS & CO LIMITED**

## **NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

### **1. ACCOUNTING POLICIES - (Continued)**

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price including freight, insurance, landing charges and transport.

#### **Deferred Taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Full provision is made for all timing differences except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

#### **Lease Purchase and operating leases**

Assets held under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the life of the lease.

#### **Pension Costs**

The Group operates both a defined contribution scheme and pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period.

#### **Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Goodwill**

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets and liabilities acquired. Where the fair value of purchase consideration differs from the aggregate of these fair values, purchased goodwill arises. Goodwill arising on acquisitions is capitalised and amortised over its useful economic life in accordance with FRS10.

## **TOWERS & CO LIMITED**

### **NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

#### **2. ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION**

All the company's turnover and profit before taxation is derived from the company's main activity, meat and poultry wholesaling.

Turnover is analysed by geographical market as follows:

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
United Kingdom	<b>105,224</b>	96,124
Europe	<b>20,570</b>	16,677
Rest of World	<b>2,814</b>	1,706
	<b><u>128,608</u></b>	<b><u>114,507</u></b>

#### **3. EMPLOYEES AND DIRECTORS**

The average number of employees, including directors, during the year was as follows:

	<b>Number of employees</b>	
	<b>2004</b>	<b>2003</b>
Management	<b>6</b>	6
Administration	<b>38</b>	39
Production & Distribution	<b>153</b>	137
	<b><u>197</u></b>	<b><u>182</u></b>

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
The aggregate payroll costs of these persons were as follows:		
Wages and Salaries	<b>4,547</b>	4,305
Social Security Costs	<b>484</b>	423
Other Pension Costs	<b>272</b>	361
	<b><u>5,303</u></b>	<b><u>5,089</u></b>

## **TOWERS & CO LIMITED**

### **NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

#### **3. EMPLOYEES AND DIRECTORS (continued)**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration paid to executive directors	<b>564</b>	556
Pension contributions	<b>81</b>	63
	<b>645</b>	<b>619</b>

The remuneration paid to the highest paid director, excluding pension contributions, amounted to £134,000 (2003: £138,000). Pension contributions of £21,000 (2003: £17,000) were paid on his behalf during the year.

All five directors accrued retirement benefits under a company defined benefit scheme in both the current and the previous year. The highest paid director had an accrued pension at the year-end of £52,000 (2003: £49,000).

#### **4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Audit	<b>52</b>	52
Other Services	<b>15</b>	14
Operating lease charges:		
Plant & Machinery	<b>94</b>	198
Other	<b>412</b>	387
Depreciation - owned assets	<b>208</b>	185
- leased assets	<b>372</b>	268
(Gain) on disposal of fixed assets	<b>(15)</b>	(25)

#### **5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
On Bank Deposits	<b>2</b>	-
	<b>2</b>	-

#### **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Lease purchase interest	<b>59</b>	55
On Bank Loans and Overdrafts	<b>559</b>	290
	<b>618</b>	<b>345</b>

**TOWERS & CO LIMITED****NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of charge in year	2004 £'000	2003 £'000
UK Corporation Tax at 30% (2003: 30%)		
Current tax on income for the year	230	260
Adjustments in respect of prior years	5	(16)
Total current tax	235	244
Deferred tax (see note 14)	36	10
Tax on profit on ordinary activities	271	254

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below:

	2004 £'000	2003 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	853	1,136
Current tax at 30% (2003: 30%)	256	341
Effects of:		
Expenses not deductible for tax purposes	10	30
Capital allowances for year in excess of Depreciation	(5)	(48)
(Gain) on disposal	(4)	(8)
Double tax relief claimed	-	(57)
Other timing differences	(27)	2
Adjustment in respect of prior years	5	(16)
Total current tax charge (see above)	235	244

**8. DIVIDENDS RECEIVABLE**

	2004 £'000	2003 £'000
From Subsidiary Companies	-	190

**9. DIVIDENDS PAID AND PAYABLE**

	2004 £'000	2003 £'000
Interim Dividends – paid	100	500
Equity shares: Final Dividends - proposed	400	500
	500	1,000

# TOWERS & CO LIMITED

## NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2004 (continued)

### 10. INTANGIBLE FIXED ASSETS

	£'000s
<b>Goodwill</b>	
Cost:	
At 1 January 2004	0
Acquisitions	56
	<u>56</u>
Amortisation	
At 1 January 2004	0
Charge for the year	6
At 31 December 2004	<u>6</u>
Net book amounts:	
At 31 December 2004	<u>50</u>
At 1 January 2004	<u>0</u>

The goodwill arose on the purchase of the wholesale meat divisions of Peak Park Primestock Limited and Northern Counties Meat Group Limited – Doncaster division. The goodwill is amortised from 3 to 10 years.

### 11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant, Equipment & Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2004	139	132	4,702	4,973
Additions	-	-	757	757
Disposals	-	-	(122)	(122)
At 31 December 2004	<u>139</u>	<u>132</u>	<u>5,337</u>	<u>5,608</u>
<b>Depreciation</b>				
At 1 January 2004	2	131	2,974	3,107
Charge For Year	2	-	578	580
Disposals	-	-	(103)	(103)
At 31 December 2004	<u>4</u>	<u>131</u>	<u>3,449</u>	<u>3,584</u>
<b>Net Book Value</b>				
At 31 December 2004	<u>135</u>	<u>1</u>	<u>1,888</u>	<u>2,024</u>
At 31 December 2003	<u>137</u>	<u>1</u>	<u>1,728</u>	<u>1,866</u>

The net book value of leased assets is £1,403,000 within plant, equipment and vehicles (2003: £1,217,000). Depreciation charged to the profit and loss account on these assets during the year was £372,000 (2003: £416,000).

**TOWERS & CO LIMITED****NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

**12. FIXED ASSET INVESTMENTS**

	Shares in Subsidiary Undertakings £'000
At 1 January and 31 December 2004	<u>1,570</u>

Details of the principal subsidiary undertakings are listed in Note 24.

**13. STOCKS**

	2004 £'000	2003 £'000
Finished Goods	<u>11,950</u>	<u>12,468</u>

**14. DEBTORS**

	2004 £'000	2003 £'000
Amounts receivable within one year:		
Trade Debtors	12,015	11,995
Amounts owed by Group Undertakings	7,511	7,601
Other Debtors	275	221
Prepayments and accrued income	109	155
	<u>19,910</u>	<u>19,972</u>
Amounts receivable after more than one year:		
Deferred tax asset (Note 15)	71	107
	<u>19,981</u>	<u>20,079</u>

**15. DEFERRED TAXATION**

	2004 £'000	2003 £'000
Deferred tax asset		
At beginning of year	107	117
Debit for the year	(36)	(10)
At end of year	<u>71</u>	<u>107</u>
The elements of deferred taxation are as follows:		
	2004 £'000	2003 £'000
Difference between accumulated depreciation and capital allowances	71	80
Other timing differences	-	27
	<u>71</u>	<u>107</u>

The deferred tax asset is included with debtors (see note 14).

**TOWERS & CO LIMITED****NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

**16. CREDITORS DUE WITHIN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Bank Overdrafts	<b>8,520</b>	7,188
Obligations under finance leases & hire purchase contracts	<b>520</b>	478
Trade Creditors	<b>6,043</b>	5,772
Amounts owed to Group Undertakings	<b>1,235</b>	1,216
Corporation Tax	<b>230</b>	260
Taxation and Social Security	<b>246</b>	278
Other Creditors	<b>201</b>	279
Accruals and Deferred Income	<b>4,679</b>	4,878
Dividends proposed (see note 9)	<b>400</b>	500
	<b><u>22,074</u></b>	<b><u>20,849</u></b>

The majority of the Company's bank overdrafts are secured by a debenture.

**17. CREDITORS DUE AFTER MORE THAN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases and hire purchase contracts	<b><u>660</u></b>	<b><u>818</u></b>

**18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable:		
Within one year	<b>532</b>	504
In second to fifth years	<b><u>662</u></b>	<b><u>834</u></b>
	<b>1,194</b>	1,338
Less: future finance charges	<b><u>(14)</u></b>	<b><u>(42)</u></b>
	<b><u>1,180</u></b>	<b><u>1,296</u></b>
Lease purchase contracts are analysed as follows:		
Current obligations	<b>520</b>	478
Non current obligations	<b><u>660</u></b>	<b><u>818</u></b>
	<b><u>1,180</u></b>	<b><u>1,296</u></b>



# **TOWERS & CO LIMITED**

## **NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

### **19. CALLED UP SHARE CAPITAL**

	At 1 January and 31 December 2004 £'000
<b>Authorised</b>	
Equity: 17,000,000 ordinary shares at £1 each	<u>17,000</u>
<b>Allotted, called up and fully paid</b>	
Equity: 13,548,673 ordinary shares at £1 each	<u>13,549</u>

### **20. RESERVES**

#### **Profit and Loss Account**

	2004 £'000	2003 £'000
At beginning of year	1,565	1,683
Profit for the financial year	582	882
Dividend	<u>(500)</u>	<u>(1,000)</u>
At end of year	<u>1,647</u>	<u>1,565</u>

### **21. PENSION COSTS**

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £94,000 (2003: £90,000) reflects the amount of contributions during the calendar year. Contributions totaling £8,000 (2003: £7,000) were payable to the fund at the year-end and are included in creditors.

Contributions to the group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The John Silver Scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases.

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2003 and assessed on the Minimum Funding Requirement basis (MFR). The realisable value of the Scheme's assets at that date were £1,721,000 and the actuarial value of those assets represented 110% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The assumptions used which have the most significant effect on the results of the valuations are those relating to the rate of return on

# TOWERS & CO LIMITED

## NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2004 (continued)

### PENSION COSTS (continued)

U.K. equities (6.25%), the rate of increase in salaries (1% p.a.), and pension increases (3½% p.a.).

Since 1 November 2003 on the advice of the Scheme Actuary the Company has been paying contributions at the standard Company contribution rate of 15% of Pensionable Earnings, with an additional annual contribution of £50,000.

The pension contribution made by the company over the year to the John Silver Scheme was £269,000 (2003: £172,000). No contributions were outstanding to the fund at the year-end (2003: £7,000).

The actuarial valuation of the scheme at 1 November 2003 was updated to 31 December 2004 on a set of assumptions consistent with those required under FRS17 by a qualified actuary. The major assumptions used by the actuary were:

	2004	2003	2002
Rate of increase in pensionable salaries	1.0%	1.0%	2.5%
Rate of increases in pensions in payment (3% pre 06.04.97)	3.0%	3.0%	3.0%
Rate of increases in pensions in payment (LPI with a minimum of 3%)	3.25%	3.25%	3.0%
Discount rate	5.3%	5.4%	5.4%
Rate of revaluation of deferred pensions	2.9%	2.9%	2.5%
Inflation assumption	2.9%	2.9%	2.5%
	2004	2003	2002
	£'000	£'000	£'000
Equities	1,800	1,472	1,093
Bonds	358	239	163
Other	119	88	122
	2,277	1,799	1,378
Long-term rate of return expected at 31 December	2004	2003	2002
Equities	6.55%	6.15%	6.50%
Bonds	5.30%	4.15%	4.50%
Other	4.75%	4.15%	4.50%
	2004	2003	2002
	£'000	£'000	£'000
Overall total market value of assets	2,277	1,799	1,378
Present value of scheme liabilities	(2,779)	(2,443)	(2,405)
Deficit in the scheme	(502)	(644)	(1,027)
Related deferred tax asset	151	193	308
Net pension deficit	(351)	(451)	(719)

**TOWERS & CO LIMITED****NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

**PENSION COSTS (continued)**

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Analysis of the amount that would be charged to operating profit		
Current service cost	<b>16</b>	66
	<b><u>16</u></b>	<u>66</u>

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Analysis of the amount credited to other finance income		
Expected return on pension scheme assets	<b>112</b>	90
Interest on pension scheme liabilities	<b>(132)</b>	(132)
	<b><u>(20)</u></b>	<u>(42)</u>

**Analysis of amounts which would be included within the statement of total recognised gains and losses**

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Difference between expected and actual return on assets	<b>85</b>	130
Experience gains and losses arising on the scheme liabilities	<b>(4)</b>	17
Effect of changes in the demographic & financial assumptions underlying the present value of the scheme liabilities	<b><u>(179)</u></b>	<u>165</u>
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	<b><u>(98)</u></b>	<u>312</u>

**Movement of balance sheet deficit figures during the year**

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Deficit in scheme at beginning of year	<b>(644)</b>	(1,027)
Movement in year:		
Current service cost	<b>(16)</b>	(66)
Contributions	<b>276</b>	179
Return on assets/net interest	<b>(20)</b>	(42)
Actuarial gain/(loss)	<b>(98)</b>	312
Deficit in scheme at end of the year	<b><u>(502)</u></b>	<u>(644)</u>

**TOWERS & CO LIMITED****NOTES TO THE ACCOUNTS**

For the Year Ended 31 December 2004 (continued)

**PENSION COSTS (continued)**

	At 31 December 2004 £'000	At 31 December 2003 £'000
<b>Net Assets</b>		
Net assets excluding Pension deficit	15,196	15,114
Pension deficit	<u>(351)</u>	<u>(451)</u>
Net assets including pension deficit	14,845	14,663
<b>Profit and loss reserve</b>		
Net profit and loss reserve	1,647	1,565
Pension deficit	<u>(351)</u>	<u>(451)</u>
Net profit and loss reserve including pension deficit	<u>1,296</u>	<u>1,114</u>

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company. The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the company's above disclosure.

**History of experience gains and losses**

	2004	2003	2002
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	85	130	(559)
Percentage of scheme assets	4%	7%	41%
Experienced gains and losses on scheme liabilities			
Amount (£'000)	(4)	17	(66)
Percentage of the present value of the scheme liabilities	0.1%	1%	3%
Total amount which would be included within statement of			
Total recognised gains and losses:			
Amount (£'000)	(98)	312	(767)
Percentage of the present value of the scheme liabilities	4%	12%	32%

## TOWERS & CO LIMITED

### NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2004 (continued)

#### 22. COMMITMENTS

The minimum annual lease payments to which the company was committed under non-cancellable operating leases at 31 December 2004 were as follows:

	Land and Buildings		Plant Equipment & Vehicles	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within One Year	86	151	-	9
In second to fifth years inclusive	225	151	-	-
Over Five Years	11	12	-	-
	<u>322</u>	<u>314</u>	<u>-</u>	<u>9</u>

#### 23. ULTIMATE PARENT COMPANY

The ultimate holding company during the year was Towers Thompson Holdings Limited, a company incorporated in England and Wales. A copy of the accounts is available from the address on page 8. The largest and smallest group in which the results of the company are consolidated is Towers Thompson Holdings Limited.

#### 24. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings all of which are wholly owned are as follows:

Operating Subsidiary	Activity	Ordinary Share Capital
Towers Thompson A/S	Meat Traders	100%
Towers Thompson (Australia) Pty Ltd	Meat Traders	100%
Towers Thompson (New Zealand) Ltd	Meat Traders	100%

These subsidiaries are incorporated in Denmark, Australia and New Zealand respectively and are included in the consolidated results of the parent company, Towers Thompson Holdings Limited.