

WT Foods Limited

**Directors' report and financial
statements**

Registered number 0094632

31 March 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

Principal activities

The company's principal activity during the period was that of a holding company and provider of management services.

Business review

The directors are satisfied with the results for the year and look forward to profitability in the future.

The loss for the year, after taxation and minority interests, amounted to £323,000 (2003: £5,685,000). The directors do not recommend the payment of any dividends (2003: £nil).

On 15 August 2003 the group acquired a 100% interest in Marston Valley Foods Limited – a company involved in the production of chilled ready meals. The initial cash consideration was £18.2 million with further amounts payable contingent upon certain completion balances.

On 1 July 2003 the company's 100% investment in Eghoyan's Pitta Bakery Limited was sold for cash consideration of £2.4 million.

On 19 December 2003, WT Foods Limited sold its subsidiary undertaking, Bart Spices Limited, for cash consideration of £3,068,000.

Directors and directors' interests

The directors who at head office during the year were as follows:

Sir Gulam K Noon MBE
JE Brennan
ECV Shaw (resigned 19 December 2003)
SA Boyd
CR Sharpe

None of the directors who held office at the end of the financial year had any disclosable interest in the shares and debentures of the company.

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

The interests and rights to subscribe to the shares and debentures of the ultimate parent company for S A Boyd, C R Sharpe, J E Brennan and Sir G K Noon are disclosed in the accounts of WT (Holdings) Limited.

None of the other directors have any disclosable interests or rights to subscribe to the shares or debentures of other group companies.

Employees

The directors give full and fair consideration for all applications for employment. They are committed to ongoing training and career development of employees.

The directors attach a high priority to maintaining communications with all employees and encouraging a common awareness of the financial and economic factors affecting the company. Regular meetings are held with senior management and employees' representatives, so that their views can be taken into account on matters concerning them.

The company's policy is to keep employees informed of events relevant to their employment. Safety matters are the subject of detailed consultation with employees' representatives.

It is the policy of the company to offer to disabled persons, having regard to their particular abilities, the same training, career development and promotion prospects as are available to other employees.

Directors' report *(continued)*

Political and charitable donations

The company made no political contributions during the year (2003: £nil). Donations to UK charities amounted to £nil (2003: £nil).

Auditors

On 3 February 2004 Ernst & Young resigned as auditor of the company and KPMG LLP were appointed by the directors to fill the casual vacancy.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



A Martin
Secretary

27 Jan 2005

WT House
Bessemer Road
Welwyn Garden City
Hertfordshire
AL7 1HT

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 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 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.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Report of the independent auditors to the members of WT Foods Limited

We have audited the financial statements on pages 5 to 15.

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 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 JAN 2005

Profit and loss account
for year ended 31 March 2004

	Note	£000	2004 £000 Exceptional	£000	£000	2003 £000 Exceptional	£000
Turnover		1,478		1,478	2,462		2,462
Other operating income- Profit on sale of fixed assets		16	-	16	-	-	-
Other external charges		(426)	(123)	(549)	(362)	-	(362)
Staff costs	5	(873)	(69)	(942)	(1,057)	(555)	(1,612)
Depreciation and other amounts written off tangible and intangible fixed assets		(61)	-	(61)	(77)	-	(77)
Operating (loss)/profit	2	134	(192)	(58)	966	(555)	411
Income from shares in group undertakings				932			-
Interest receivable and similar income	6			17			4
Interest payable and similar charges	7			(310)			(291)
Net loss on sale of investments	3			(963)			-
Amounts written off investments				-			(5,773)
Loss on ordinary activities before taxation				(382)			(5,649)
Tax on loss on ordinary activities	8			59			(36)
Retained loss for the financial year				(323)			(5,685)

There were no other gains or losses other than those passing through the profit and loss account.

The results for the current and preceding periods are derived wholly from continuing operations.

There are no differences between reported profits and historical cost profits for the current year or the preceding year.

Balance sheet
at 31 March 2004

	<i>Note</i>	2004 £000	2003 £000
Fixed assets			
Tangible assets	<i>9</i>	36	166
Investments	<i>10</i>	63,088	67,989
		<hr/> 63,124	<hr/> 68,155
Current assets			
Debtors	<i>11</i>	2,172	24,668
Cash at bank and in hand		99	-
		<hr/> 2,271	<hr/> (24,668)
Creditors: amounts falling due within one year	<i>12</i>	(7,407)	(34,369)
		<hr/> (5,136)	<hr/> (9,701)
Net current liabilities			
		<hr/> 57,988	<hr/> 58,454
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	<i>13</i>	(133)	(277)
		<hr/> 57,855	<hr/> 58,177
Net Assets			
		<hr/> <hr/> 57,855	<hr/> <hr/> 58,177
Capital and reserves			
Called up share capital	<i>15</i>	39,938	39,938
Share premium account	<i>16</i>	13,520	13,520
Revaluation reserve	<i>16</i>	-	1,049
Other reserves	<i>16</i>	193	193
Profit and loss account	<i>16</i>	4,204	3,477
		<hr/> 57,855	<hr/> 58,177
Equity shareholders' funds			
		<hr/> <hr/> 57,855	<hr/> <hr/> 58,177

These financial statements were approved by the board of directors on 27/1/05 behalf by:



S Boyd
Director

and were signed on its

Notes

(forming part of the financial statements)

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.

Basis of preparation

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

The company is dependant on continuing finance being made available by its ultimate parent undertaking to enable it to meet its liabilities as they fall due. The ultimate parent company has agreed to provide sufficient funds for the company for these purposes. On this basis the directors consider it appropriate to prepare the accounts on a going concern basis.

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

As the company is a wholly owned subsidiary of WT (Holdings) Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	over the life of lease
Plant and machinery	-	10 % per annum
Fixtures & Fittings	-	15-20% per annum
Motor Vehicles	-	25% per annum

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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, except as otherwise required by FRS 19.

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 contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases and hire purchase agreements are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced in the United Kingdom to group companies for management services.

2 Operating (loss)/profit

<i>Operating(loss)/ profit is stated after charging:</i>	2004 £000	2003 £000
Auditors remuneration:		
Audit	28	27
Other services – fees paid to the auditor and its associates	81	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	61	20
Leased	-	55
	<hr/>	<hr/>

3 Exceptional items- Loss on sale of investments and others

On 1 July 2003, WT Foods Limited sold its subsidiary undertaking, Eghoyans Pitta Bakery Limited. The sale resulted in a profit on disposal of £11,000.

On 19 December 2003, WT Foods Limited sold its subsidiary undertaking, Bart Spices Limited. The sale resulted in a loss on disposal of £974,000.

The above transactions had no impact on the tax charge

Exceptional costs included in staff costs relate to redundancy costs during the period. Exceptional costs included within other external costs relate to consultants fees relating to business development projects.

Notes (continued)

4 Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments	686	907
Company contributions to money purchase pension schemes	94	67
	<u>780</u>	<u>974</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £211,000 (2003: £151,000) and company pension contributions of £21,000 (2003: £nil) were made to a money purchase scheme on his behalf.

	2004 £000	2003 £000
Retirement benefits are accruing to the following number of directors:		
Money purchase schemes	<u>2</u>	<u>6</u>

5 Staff numbers and costs

The monthly average of persons employed by the company (including Directors) during the year analysed by category was as follows:

	2004	2003
Sales and administration	<u>5</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows:

	2004 £000	2003 £000
Wages and salaries (including exceptional redundancy costs of £69,000 (2003 £555,000))	759	1,422
Social security costs	82	123
Other pension costs	101	67
	<u>942</u>	<u>1,612</u>

Notes (continued)

6 Interest receivable and similar income

	2004 £000	2003 £000
Bank interest receivable	-	4
Other interest	17	-
	<u>17</u>	<u>4</u>

7 Interest payable and similar charges

	2004 £000	2003 £000
Bank interest payable	82	91
Finance charges payable in respect of finance lease and hire purchase contracts	28	30
Interest on other loans	200	159
Inland Revenue interest	-	11
	<u>310</u>	<u>291</u>

8 Tax

(a) Tax on (loss)/profit on ordinary activities

The tax credit/(charge) is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
UK corporation tax	70	(41)
Over provision in prior year	(4)	2
	<u>66</u>	<u>(39)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(7)	3
	<u>59</u>	<u>(36)</u>

Notes (continued)

8 Tax (continued)

b) Factors affecting current tax charge

The tax assessed on the loss of ordinary activities for the year is lower (2003: lower) than the standard rate of corporation tax in the UK of 30% (30%). The differences are reconciled below.

	2004 £000	2003 £000
Loss on ordinary activities before taxation	(382)	(5,649)
Corporation tax at 30%	115	1,695
Disallowed expenses and non-taxable income	(127)	(1,736)
Utilisation of capital losses	90	-
Capital allowances disclaimer	(8)	-
Adjustments in respect of previous periods	(4)	2
Total current tax (note 8(a))	66	(39)
C) Deferred tax		
	2004 £000	2003 £000
Capital allowances in advance of depreciation	18	25
Deferred taxation asset (note 11)	18	25
		£
At 1 April 2003	25	28
Profit and loss account movement arising during the year	(7)	(3)
At 31 March 2004	18	25

Notes (continued)

9 Tangible fixed assets

	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	110	294	404
Additions	-	-	-
Disposals	-	(210)	(210)
	<hr/>	<hr/>	<hr/>
At end of year	110	84	194
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	94	144	238
Charge for year	8	53	61
On disposals	-	(141)	(141)
	<hr/>	<hr/>	<hr/>
At end of year	102	56	158
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2004	8	28	36
	<hr/>	<hr/>	<hr/>
At 31 March 2003	16	150	166
	<hr/>	<hr/>	<hr/>

The net book value of assets above includes an amount of £nil (2003: £28,000) in respect of assets held under finance leases.

10 Investments

	Shares in group companies £000	Unquoted trade Investments £000	Total £000
<i>Cost:</i>			
At beginning of year	73,902	197	74,099
Disposals	(8,293)	-	(8,293)
	<hr/>	<hr/>	<hr/>
At end of year	65,609	197	65,806
	<hr/>	<hr/>	<hr/>
<i>Amounts provided:</i>			
At beginning of year	6,110	-	6,110
Disposals	(3,392)	-	(3,392)
	<hr/>	<hr/>	<hr/>
At end of year	2,718	-	2,718
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 31 March 2004	62,891	197	63,088
	<hr/>	<hr/>	<hr/>
At 31 March 2003	67,792	197	67,989
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Investments (continued)

Unquoted trade investment

The company has acquired 15% of the share capital of a company registered in Sri Lanka under a joint venture agreement. Details of the investments in which the company holds 20% or more of the beneficial interest in the nominal value of any class of share capital are as follows:

Principle subsidiary undertakings	% ordinary shares held	Nature of business
Enco Products Limited	100%	Distributor of speciality food
La Mexicana Quality Foods Limited	100%	Manufacture of Mexican food and bakery products
Chadha Oriental Foods Limited	100%	Distributor of oriental food
Funnybones Foodservice Limited	100%	Distributor of American, Cajun and Tex-Mex dishes
WTF Services Limited	100%	Warehousing and distribution services
Noon Group Limited	100%	Holding company
Noon Products Limited	100%	Manufacture of chilled and frozen recipe dishes
Marston Valley Foods Limited	100%	Manufacture of chilled and frozen recipe dishes
Matahari 154 Limited	100%	Dormant
The Marketing and Advertising Partnership Limited	100%	Distributor of Caribbean soft drinks
Marlin House Trading Company Limited	100%	Distributor of Caribbean beers
Rio Pacific Food Services (Holdings) Limited	100%	Holding Company
Rio Pacific Food Services Limited	100%	Dormant
Veeraswamy Limited	100%	Dormant
Drenning Limited	100%	Dormant

All of the subsidiary undertakings are incorporated in England and Wales, and are consolidated in these financial statements on the basis of the assertion of operational control.

11 Debtors

	2004 £000	2003 £000
Amount owed by group undertakings	-	21,307
Corporation tax repayable	1,960	3,271
Other debtors	194	51,157
Prepayments and accrued income	-	14,506
Deferred taxation (note 8)	18	25
	<hr/> 2,172 <hr/>	<hr/> 24,668 <hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Loan notes	4,000	-
Bank loans and overdrafts	942	1,414
Obligations under finance leases (note 13)	170	181
Trade creditors	281	125
Amounts owed to group undertakings	1,786	28,358
Other taxation and social security costs	35	72
Other creditors	193	4,125
Accruals and deferred income	-	94
	<u>7,407</u>	<u>34,369</u>

The bank overdraft is secured by way of a documentary credit issued by Rabobank International London Branch.

13 Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Obligations under finance leases	<u>133</u>	<u>277</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2004 £000	2003 £000
Within one year	196	208
In the second to fifth years	167	338
	<u>363</u>	<u>546</u>
Less future finance changes	(60)	(88)
	<u>303</u>	<u>458</u>

14 Contingent liabilities

At 31 March 2004, the company, together with the parent undertaking and fellow subsidiary undertakings has guaranteed the borrowings of the parent undertaking and other fellow subsidiary undertakings. This guarantee is secured by a fixed and floating charge over the assets of the company. At 31 March 2004, the total borrowings outstanding amounted to £70,261,000 (2003: £68,811,000).

Notes (continued)

15 Called up share capital

	2004 £000	2003 £000
Authorised		
Equity: 220,386,208 Ordinary shares of £0.25 each	55,096	55,096
6,957,780 Non voting deferred convertible shares of £0.05 each	348	348
	<hr/> 55,444	<hr/> 55,444
Allotted, called up and fully paid		
Equity: 159,753,511 Ordinary shares of £0.25 each	<hr/> 39,938	<hr/> 39,938

16 Reconciliation of movement in shareholders' funds and on reserves

	Share capital	Share premium accounts	Revaluation reserve	Other reserves	Profit and loss accounts	Total shareholders funds
At beginning of the year	39,938	13,520	1,049	193	3,477	58,177
Profit for the year	-	-	-	-	(322)	(322)
Other movements	-	-	(1,049)	-	1,049	-
	<hr/> 39,938	<hr/> 13,520	<hr/> -	<hr/> 193	<hr/> 4,204	<hr/> 57,855

17 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £101,000 (2003 :£67,000).

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of WT Tiger 3 Limited, incorporated in the UK.

The largest group in which the results of the company are consolidated is that headed by WT (Holdings) Limited, incorporated in the UK. The consolidated accounts of this company are available to the public and may be obtained from Companies House, 21 Bloomsbury Street, London, EC1B 3XD. No other group accounts include the results of the company.