

**DAWKINS INTERNATIONAL LIMITED**  
**(Registered Number 599033)**

**DIRECTORS' REPORT AND ACCOUNTS**

**28 FEBRUARY 1997**



## DAWKINS INTERNATIONAL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 1997

The directors submit their report and Group accounts for the year ended 28 February 1997.

#### PRINCIPAL ACTIVITIES

The principal activities of the Group are slaughterers, wholesale and retail butchers and dealers in foodstuffs.

#### TRADING RESULTS AND DIVIDENDS

Group sales have fallen to £37.1 million compared with £48.8 million in the previous year. This was largely as a result of the impact of the BSE crisis at the start of the year and the resulting worldwide ban on exports of UK beef. Following the ban, the Company received government Aid Income of £380,000, which has been recognised in the profit and loss account under Other Operating Income. The profit on ordinary activities after taxation for the year was £186,000 (1996: £100,000).

An interim dividend of 25 pence per share was paid on 1 December 1996. The directors recommend that no final dividend is paid and propose that £136,000 is transferred to reserves (1996: £60,000 transferred to reserves).

#### DIRECTORS

The directors who served during the year and their interests in the share capital of the Company are as follows:

	'A' and 'B' shares of £1 each			
	1997		1996	
J W C Dawkins (Chairman)	70,000	'A'	70,000	'A'
W D Dawkins	60,000	'B'	60,000	'B'
J E Dawkins	-		-	
	<u>          </u>		<u>          </u>	

#### LAND AND BUILDINGS

In the directors opinion the book value of Land and Buildings is not materially different from the current market value.

#### CHARITABLE CONTRIBUTIONS

Charitable contributions of £1,219 were made by the Group during the year.

## DAWKINS INTERNATIONAL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 1997 (CONTINUED)

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit and cashflows of the group for that year. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



W.D. DAWKINS  
Secretary  
12 August 1997

Registered office:  
Barton Road  
Congerstone  
Nuneaton  
Warwickshire  
CV13 6NB

*Price Waterhouse*



## AUDITORS' REPORT TO THE MEMBERS OF DAWKINS INTERNATIONAL LIMITED

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, and the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Group and the Company as at 28 February 1997 and of the profit and cashflows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

12 August 1997

# DAWKINS INTERNATIONAL LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 1997

	<u>1997</u> £'000	<u>1996</u> £'000
<b>TURNOVER</b> (Note 3)	37,113	48,775
Cost of sales	<u>(34,886)</u>	<u>(46,101)</u>
<b>GROSS PROFIT</b>	2,227	2,674
Distribution costs	(658)	(1,084)
Administrative expenses	(1,521)	(1,254)
Other operating income (Note 4)	<u>380</u>	<u>-</u>
<b>OPERATING PROFIT</b>	428	336
Interest payable and similar charges (Note 5)	<u>(175)</u>	<u>(219)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 6)	253	117
Tax on profit on ordinary activities (Note 8)	<u>(67)</u>	<u>(17)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	186	100
Dividends (Note 9)	<u>(50)</u>	<u>(40)</u>
<b>PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	<u>136</u>	<u>60</u>

There are no recognised gains or losses other than those included in the profit and loss account.

All operations are continuing.

The notes on pages 8 to 16 form part of these accounts.

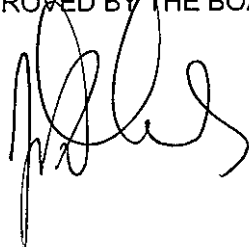
# DAWKINS INTERNATIONAL LIMITED

## CONSOLIDATED BALANCE SHEET - 28 FEBRUARY 1997

	<u>1997</u>		<u>1996</u>	
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets (Note 10)		2,182		2,279
<b>CURRENT ASSETS</b>				
Stocks (Note 12)	206		265	
Debtors (Note 13)	2,747		3,554	
Cash at bank and in hand	<u>1</u>		<u>1</u>	
	2,954		3,820	
<b>CREDITORS - Amounts falling due within one year (Note 14)</b>	<u>(2,847)</u>		<u>(3,790)</u>	
<b>NET CURRENT ASSETS</b>		<u>107</u>		<u>30</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,289		2,309
<b>CREDITORS - Amounts falling due after more than one year (Note 15)</b>		(267)		(423)
<b>PROVISIONS (Note 8)</b>		<u>(115)</u>		<u>(115)</u>
		1,907		1,771
		<u>=====</u>		<u>=====</u>
<b>SHAREHOLDERS FUNDS</b>				
Called up share capital (Note 17)		200		200
Revaluation reserve (Note 18)		297		304
Profit and loss account (Note 18)		<u>1,410</u>		<u>1,267</u>
		1,907		1,771
		<u>=====</u>		<u>=====</u>

The notes on pages 8 to 16 form part of these accounts.

APPROVED BY THE BOARD ON 12 AUGUST 1997 AND SIGNED ON ITS BEHALF BY



J W C Dawkins  
DIRECTOR



W D Dawkins  
DIRECTOR

# DAWKINS INTERNATIONAL LIMITED

## COMPANY BALANCE SHEET - 28 FEBRUARY 1997

	1997	1996
	£'000	£'000
<b>FIXED ASSETS</b>		
Tangible assets (Note 10)	2,182	2,279
Investment in subsidiary (Note 11)	<u>15</u>	<u>15</u>
	2,197	2,294
<b>CURRENT ASSETS</b>		
Stocks (Note 12)	206	265
Debtors (Note 13)	2,747	3,554
Cash at bank and in hand	<u>1</u>	<u>1</u>
	2,954	3,820
<b>CREDITORS - Amounts falling due within one year (Note 14)</b>	<u>(2,864)</u>	<u>(3,807)</u>
<b>NET CURRENT ASSETS</b>	<u>90</u>	<u>13</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,287	2,307
<b>CREDITORS - Amounts falling due after more than one year (Note 15)</b>	(267)	(423)
<b>PROVISIONS (Note 8)</b>	<u>(115)</u>	<u>(115)</u>
	1,905	1,769
<b>SHAREHOLDERS FUNDS</b>		
Called up share capital (Note 17)	200	200
Revaluation reserve (Note 18)	297	304
Profit and loss account	<u>1,408</u>	<u>1,265</u>
	1,905	1,769

The notes on pages 8 to 16 form part of these accounts.

APPROVED BY THE BOARD ON 12 AUGUST 1997 AND SIGNED ON ITS BEHALF BY

  
J W C Dawkins  
DIRECTOR

  
W D Dawkins  
DIRECTOR

# DAWKINS INTERNATIONAL LIMITED

## CASHFLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 1997

	<u>1997</u>		<u>1996</u>	
	£'000	£'000	£'000	£'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> (Note 20)		1,252		768
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>				
Interest paid	(164)		(223)	
Dividends paid	<u>(50)</u>		<u>(90)</u>	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		(214)		(313)
<b>TAXATION</b>				
Corporation tax paid (including advance corporation tax)		(18)		(86)
<b>INVESTING ACTIVITIES</b>				
Payments to acquire tangible fixed assets	(78)		(220)	
Receipts from sale of fixed assets	<u>-</u>		<u>16</u>	
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<u>(78)</u>		<u>(204)</u>
<b>NET CASH INFLOW BEFORE FINANCING</b>		942		165
<b>FINANCING</b>				
Repayment of loans	(124)		(93)	
Capital element of finance lease repayments	(37)		(72)	
Receipt of loans	<u>-</u>		<u>35</u>	
<b>NET CASH OUTFLOW FROM FINANCING</b>		<u>(161)</u>		<u>(130)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b> (Note 20)		781		35
		<u><u>      </u></u>		<u><u>      </u></u>

The notes on pages 8 to 16 form part of these accounts.



# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 1 ACCOUNTING POLICIES

#### (1) Accounting convention

The accounts are prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, in accordance with applicable Accounting Standards and are made up to the Saturday nearest to 28 February.

#### (2) Basis of consolidation

The consolidated accounts include the accounts of the holding company and its subsidiary, both of which are made up to 28 February.

#### (3) Tangible fixed assets

Tangible fixed assets are stated at cost less aggregate depreciation. Assets are depreciated over their estimated useful lives at the following annual rates:

Land and buildings	- 2% straight line
Plant and machinery	- 10% - 20% straight line
Fixtures and fittings	- 10% - 25% reducing balance
Motor vehicles	- 25% reducing balance

#### (4) Stocks

Stocks are stated at the lower of cost, including attributable overheads, and net realisable value.

#### (5) Deferred taxation

Provision is made on the liability method for taxation deferred by timing differences, but only in those cases where the tax benefits cannot, with reasonable probability, be expected to be retained for the foreseeable future in consequence of recurring or continuing timing differences.

#### (6) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction, or at rates from matching forward contracts.

Cash balances in foreign currencies are expressed in sterling at year end rates of exchange.

All differences on exchange are taken to the profit and loss account.

#### (7) Leasing and hire purchase commitments

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives. The corresponding liability is recorded as a creditor and the interest element of the income charge is charged to profit and loss account over the period of the lease. Rentals payable under operating leases are charged to the profit and loss account.

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 2 PROFIT AND LOSS ACCOUNT

The parent company has not published its own profit and loss account as permitted under S228 (7) of the Companies Act 1985. The Group profit on ordinary activities after taxation relates wholly to the accounts of the holding company.

### 3 TURNOVER

	<u>1997</u> £'000	<u>1996</u> £'000
Turnover excludes VAT and comprises sales in the following markets:		
United Kingdom	23,341	24,127
Other EC countries	<u>13,772</u>	<u>24,648</u>
	<u>37,113</u>	<u>48,775</u>

### 4 OTHER OPERATING INCOME

	<u>1997</u> £'000	<u>1996</u> £'000
Government Aid Income	380	-
	<u>      </u>	<u>      </u>

Government Aid Income comprises amounts received from the UK government following the worldwide ban on exports of UK beef.

### 5 INTEREST PAYABLE

On loans wholly repayable within 5 years.

Bank overdraft interest	70	100
Other interest	<u>105</u>	<u>119</u>
	<u>175</u>	<u>219</u>

### 6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u> £'000	<u>1996</u> £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Provision for bad debts	9	97
(Profit)/Loss on foreign exchange	(4)	(27)
Depreciation	171	185
Auditors' remuneration	11	10
Auditors' remuneration for non audit services	39	2
Operating lease rentals	28	28
(Profit)/loss on sale of fixed assets	4	(3)
	<u>      </u>	<u>      </u>

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 7 DIRECTORS AND EMPLOYEES

Staff costs (including directors) comprise:

	<u>1997</u> £'000	<u>1996</u> £'000
Wages and salaries	1,573	1,422
Social Security costs	106	125
Other pension costs	<u>142</u>	<u>27</u>
	<u>1,821</u>	<u>1,574</u>

Other pension costs have increased due to lump sum contributions made to the director's money purchase pension schemes during the year.

The average number of persons employed by the Group during the year was 81 (1996: 90).

	<u>1997</u> £'000	<u>1996</u> £'000
Directors' emoluments for the year (including pension contributions)	<u>391</u>	<u>178</u>

Details of directors' emoluments, excluding pension contributions, were as follows:

Chairman and highest paid director	<u>149</u>	<u>79</u>
Other directors received emoluments within the following ranges:	<u>Number</u>	<u>Number</u>
£5,001 - £10,000	1	1
£70,001 - £75,000	-	1
£125,001 - £130,000	1	-
	<u>      </u>	<u>      </u>

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 8 TAXATION

	<u>1997</u> £'000	<u>1996</u> £'000
<b>Tax charge</b>		
The tax charge comprises:		
Corporation tax at 25% (1996: 25%)	72	32
- current year	(5)	-
- prior year	-	(15)
Deferred tax	67	17
	<u>      </u>	<u>      </u>
<b>Deferred taxation</b>		
The potential liability for deferred tax comprises:		
Accelerated capital allowances	273	205
Short term timing differences	-	-
	273	205
	<u>      </u>	<u>      </u>
Amount provided	115	115
	<u>      </u>	<u>      </u>

### 9 DIVIDENDS

	<u>1997</u> £'000	<u>1996</u> £'000
Interim: 25p per share (1996: 20p per share)	50	40
Final: Nil per share (1996: Nil per share)	-	-
	50	40
	<u>      </u>	<u>      </u>

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 10 TANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 March 1996	1,397	1,554	412	57	3,420
Additions	53	25	-	-	78
Disposals	-	-	(5)	-	(5)
At 28 February 1997	1,450	1,579	407	57	3,493
<b>Depreciation</b>					
At 1 March 1996	101	811	190	39	1,141
Charge for the year	28	84	54	5	171
Disposals	-	-	(1)	-	(1)
At 28 February 1997	129	895	243	44	1,311
<b>Net book amount at</b>					
28 February 1997	1,321	684	164	13	2,182
1 March 1996	1,296	743	222	18	2,279

The freehold land and buildings were valued at £950,000 in 1992 by Bidwells, Chartered Surveyors on an existing use basis giving rise to a surplus over the former net book amount of £332,000. If the freehold land and buildings had not been revalued the net book amount at 28 February 1997 would have been £1,024,000. No provision has been made for the potential capital gains tax liability which would arise if the properties were sold at the valuation figure as the directors have no intention of disposing of the properties in the foreseeable future.

The following assets at 28 February 1997 have been purchased on lease purchase arrangements and are included in both the Group and Company accounts.

	1997 <u>Net book amount</u> £'000	1996 <u>Net book amount</u> £'000
Plant and machinery	25	28
Motor vehicles	<u>135</u>	<u>184</u>
	160	212

Depreciation of £48,000 was charged on these assets in the year (1996: £54,000).

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 10 TANGIBLE FIXED ASSETS - GROUP AND COMPANY (CONTINUED)

#### Capital commitments - Group and Company

Capital expenditure authorised and contracted for at 28 February 1997 amounted to £56,000 (1996: £40,000).

### 11 INVESTMENT IN SUBSIDIARY COMPANY

	<u>1997</u> £'000	<u>1996</u> £'000
Shares in subsidiary company, at cost	15	15
	==	==

The Company owns the entire share capital of DBI (Midlands) Limited, a company incorporated in Great Britain and registered in England. DBI (Midlands) Limited has not traded during the year.

### 12 STOCKS - Group and Company

	<u>1997</u> £'000	<u>1996</u> £'000
Livestock and deadstock	147	199
Consumable stores	41	50
Shop stock	<u>18</u>	<u>16</u>
	206	265
	==	==

### 13 DEBTORS - Group and Company

	<u>1997</u> £'000	<u>1996</u> £'000
Trade debtors	2,417	3,321
Other debtors	97	27
Prepayments	<u>233</u>	<u>206</u>
	2,747	3,554
	==	==

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 14 CREDITORS - Amounts falling due within one year

	The Group		The Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank loan	92	97	92	97
Bank overdrafts	852	1,317	852	1,317
Trade creditors	1,312	1,895	1,312	1,895
Taxation and social security	96	49	96	49
Accruals	436	131	436	131
Other creditors	-	227	-	227
Finance lease obligations	59	58	59	58
Owing to directors	-	16	-	16
Owing to group companies	-	-	17	17
	<u>2,847</u>	<u>3,790</u>	<u>2,864</u>	<u>3,807</u>

The bank loan, overdrafts and other creditors are secured by fixed and floating charges on the Company's land and buildings, debtors and other assets of the group. The bank loan is repayable in equal annual instalments, over 7 years commencing in April 1993 and carries interest at 2½% above the LIBOR rate.

### 15 CREDITORS - Amounts falling due after more than one year

	The Group and Company	
	1997	1996
	£'000	£'000
Repayable by instalments:		
Between one and two years:		
Bank loan	96	99
Finance lease obligations	<u>51</u>	<u>49</u>
	<u>147</u>	<u>148</u>
Between two and five years:		
Bank loan	90	206
Finance lease obligations	<u>30</u>	<u>69</u>
	<u>120</u>	<u>275</u>
	<u>267</u>	<u>423</u>

# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 16 OPERATING LEASE COMMITMENTS

At 28 February 1997 the Group had annual commitments under non-cancellable operating leases as follows:

	<u>1997</u> £'000	<u>1996</u> £'000
Expiry date:		
Within one year	8	-
Between two and five years	<u>21</u>	<u>42</u>
	29	42
	<u>==</u>	<u>==</u>

### 17 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid:

	<u>1997</u> £'000	<u>1996</u> £'000
'A' shares of £1 each	100	100
'B' shares of £1 each	<u>100</u>	<u>100</u>
	200	200
	<u>==</u>	<u>==</u>

Both classes of share give equal voting rights, equal rights to dividends and allow equal rights to capital in the event of a winding up.

### 18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Profit and</u> <u>loss</u> £'000	<u>Revaluation</u> <u>reserve</u> £'000	<u>Share</u> <u>capital</u> £'000
At 1 March 1996	1,267	304	200
Retained profit for the year	186	-	-
Dividends	(50)	-	-
Transfer to profit and loss account	<u>7</u>	<u>(7)</u>	<u>-</u>
At 28 February 1997	1,410	297	200
	<u>==</u>	<u>==</u>	<u>==</u>



# DAWKINS INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS - 28 FEBRUARY 1997 (CONTINUED)

### 19 PENSIONS

The Group operates 2 separate money purchase pension schemes for the benefit of certain of the directors. The assets of the schemes are held in separately administered funds and contributions are accounted for when paid.

Employees may elect to make pension provisions via separate money purchase schemes. The Group contributes fixed amounts to the employees' schemes.

### 20 CASHFLOW STATEMENT

#### (1) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1997</u> £'000	<u>1996</u> £'000
Operating profit	428	336
Depreciation	171	185
Loss/(Profit) on sale of fixed assets	4	(3)
Decrease/(increase) in stocks	59	(19)
Decrease in debtors	896	198
(Decrease)/Increase in creditors	<u>(306)</u>	<u>71</u>
Net cash inflow from operating activities	<u>1,252</u>	<u>768</u>

#### (2) Analysis of changes in cash and cash equivalents

Movement in cash at bank and in hand	-	-
Movement in bank overdraft	<u>781</u>	<u>35</u>
Increase in cash and cash equivalents	<u>781</u>	<u>35</u>

#### (3) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1997</u> £'000	<u>1996</u> £'000	Change in year £'000
Cash at bank and in hand	1	1	-
Bank overdraft	<u>(763)</u>	<u>(1,544)</u>	<u>781</u>
	<u>(762)</u>	<u>(1,543)</u>	<u>781</u>