

OWEN TAYLOR AND SONS LIMITED

DIRECTORS MRS C E TAYLOR
 MR R J O TAYLOR

SECRETARY MRS C E TAYLOR

REGISTERED OFFICE 27 MAIN ROAD
 LEABROOKS
 DERBY



FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003

Page 1	Report of the Directors
2	Report of the Auditors
3	Profit and Loss Account
4	Balance Sheet
5	Cash Flow Statement
6 - 11	Notes to the Financial Statements

OWEN TAYLOR AND SONS LIMITED

REPORT OF THE DIRECTORS

The Directors present their annual report with the financial statements of the Company for the year ended 31st October 2003.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity is wholesale and catering butchers. The Directors consider the results for the year to be slightly disappointing but expect an improvement in the forthcoming year due to efficiency savings afforded by the new cold store and refrigeration plant. It is considered that the introduction of the euro will be at immaterial cost and risk to the company. The Directors do not propose to pay a dividend for the year.

DIRECTORS

The Directors in office during the year and their beneficial interest in the Company's issued ordinary share capital were as follows:

	2003	2002
Mrs C E Taylor	20572	20572
Mr R J O Taylor	60102	60102

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 as at the end of the financial year and of the results of the Company for that period. In preparing those financial statements, the Directors are required to:-

- (i) Select suitable accounting policies and then apply them consistently
- (ii) Make judgements and estimates that are reasonable and prudent
- (iii) Prepare the financial statements on a going concern basis unless it is not appropriate 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

Signed on behalf of the Board of Directors



R J O TAYLOR (Director)

Approved by the Board on 26/7/04.

OWEN TAYLOR AND SONS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OWEN TAYLOR AND SONS LIMITED**

We have audited the financial statements of Owen Taylor and Sons Limited for the year ended 31 October 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.


BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 31st October 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


RICHARDSON NUTT
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

2-8-04

7 Stadium Business Court
Millennium Way
Pride Park
Derby

OWEN TAYLOR AND SONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER 2003

	NOTE NO	2003 £	2002 £
TURNOVER	1(e)	6945250	6103191
Cost of Sales		6160044	5282279
GROSS PROFIT		785206	820912
Distribution Costs		(307785)	(294217)
Administrative Expenses		(480314)	(370068)
Other Operating Income		15230	-
OPERATING PROFIT	2	12337	156627
Interest Receivable and Similar Income		504	1607
Interest Payable	4	(20246)	(7828)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(7405)	150406
Tax on profit/(loss) on ordinary activities	5	(840)	29303
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE PROFIT FOR THE FINANCIAL YEAR		(6565)	121103
Dividends Proposed		-	-
RETAINED PROFIT/(LOSS) FOR THE YEAR		(6565)	121103

CONTINUING OPERATIONS

There were no acquisitions or discontinued operations during the current or preceding year.

TOTAL RECOGNISED GAINS AND LOSSES


The company has no recognised gains or losses other than the profit or loss for the above two financial years.

OWEN TAYLOR AND SONS LIMITED

BALANCE SHEET AS AT 31ST OCTOBER 2003

	Note No	2003 £	2002 £
Fixed Assets			
Tangible Assets	6	915322	756487
Current Assets			
Stocks	7	308436	246154
Debtors	8	900493	836718
Investments	9	50000	112257
Cash at Bank and in Hand		3434	150
		1262363	1195279
Creditors: Amounts falling due within one year	10	1057665	760576
Net Current Assets		204698	434703
Total Assets Less Current Liabilities		1120020	1191190
Creditors – Amounts falling due after more than one year	10	111425	170941
		1008595	1020249
Provision for Liabilities and Charges	20	25228	30317
		983367	989932
Capital and Reserves			
Called Up Share Capital	11	80674	80674
Revaluation Reserve	14	-	-
Profit and Loss Account		902693	909258
Shareholders Funds	16	983367	989932

Signed on behalf of the Board of Directors


 R J O Taylor
 Director

Approved by the Board on

26/1/04
 Date

OWEN TAYLOR AND SONS LIMITED

CASH FLOW STATEMENT – YEAR ENDED 31 OCTOBER 2003

	2003	2002
	£	£
Net cash inflow from operating activities (Note 17)	198700	145689
Returns on investments and servicing of finance		
Interest received	231	366
Dividends Received	273	1241
Interest paid	(16585)	(2877)
Interest element on finance leases	(3661)	(4951)
Net cash (outflow) from returns on investments and servicing of finance	(19742)	(6221)
Taxation		
Corporation tax (paid)	(29969)	(21264)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(269532)	(293123)
Receipts from sales of tangible fixed assets	6225	79231
Net cash outflow for capital expenditure and financial Investment	(263307)	(213892)
	(114318)	(95688)
Financing		
Capital element of finance lease payments	36047	43592
Increase/(Decease) in cash (Note 18)	(150365)	(139280)

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003

1 ACCOUNTING POLICIES

(a) **Convention**

The Financial statements have been prepared under the historical cost convention and applicable Accounting Standards.

(b) **Depreciation**

Depreciation is provided on all tangible fixed assets other than freehold land and buildings and investment property at rates calculated to write off the cost over their estimated useful lives as follows:-

Cold Store and Refrigeration Plant	- 10% p.a. straight line
Plant and Machinery	- 15% p.a. reducing balance
Motor Vehicles	- 25% p.a. reducing balance
Computers	- 33 1/3% p.a. straight line

Freehold buildings are depreciated on a straight line basis at 2% p.a. No depreciation is provided on freehold land.

(c) **Stock**

Stock is valued at the lower of cost and net realisable value.

(d) **Deferred Taxation**

Deferred taxation is accounted for in accordance with the requirements of FRS 19.

(e) **Turnover**

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and net of VAT.

(f) **Defined Contribution Scheme**

Contributions in respect of the Company's defined contribution scheme are charged to the Profit and Loss Account for the year in which they are payable to the scheme.

(g) **Leased Assets**

Where assets are financed by lease purchase agreements that give rights approximating to ownership the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the asset to the lease purchase company. The corresponding liability to the lease purchase company is included as an obligation under lease purchase agreements. Depreciation on these assets is charged to the profit and loss account on the same basis as above. Lease purchase payments are treated as consisting of capital and interest elements, and interest is charged to the profit and loss account on a straight line basis.

All other leases are treated as "operating leases" and the relevant annual rentals are charged to the profit and loss account.

(h) **Government Grants**

Government grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute.

Total government grants received during the year amounted to £141897. This is being recognised in the profit and loss account over 10 years (£14190 p.a.).

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003 (CONTINUED)

2 OPERATING PROFIT

The operating profit is stated after charging:	2003	2002
	£	£
Depreciation	123536	70831
Auditors' Remuneration	9800	9000
Operating Lease Charges	12763	11353
Directors Emoluments	36640	32628
Directors Pensions	5990	5720
Other Pensions	12348	12037

Pension benefits are accruing for 1 director under money purchase schemes.

3 EMPLOYEE INFORMATION

	2003	2002
Total average monthly number of employees:		
Selling and Distribution	68	61
Administration	4	4
	72	65
Their total remuneration was:		
Wages and Salaries	1079212	939533
Social Security	91049	75257
Pension Costs	18338	17757

4 INTEREST PAYABLE

	2003	2002
	£	£
Bank Loan and Overdraft Interest	16585	2877
Lease Purchase Interest	3661	4951
	20246	7828

5 TAXATION

	2003	2002
	£	£
UK Corporation Tax based on profit for year	4828	30645
Adjustments in respect of previous periods	(575)	-
Deferred Tax	(5089)	(1331)
Interest on (overpaid) Taxation	(4)	(11)
	(840)	29303

Factors Affecting the Tax Charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained over the page.

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 OCTOBER 2003 (CONTINUED)

5 TAXATION (CONT/D)

	2003 £	2002 £
(Loss)/Profit on ordinary activities before tax	(7405)	150406
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 – 19%)	(1406)	28577
Expenses not deductible for tax purposes	683	417
Franked Investment Income taxed at lower rates	(25)	(116)
Corporation tax rate adjustment (marginal relief)	(923)	1197
Capital Allowances (in excess of)/less than depreciation	(20013)	570
Deferred Grant Income taxed in full	24264	-
Tax on loss on investment	2248	-
	4828	30645

6 TANGIBLE ASSETS

	Freehold Land & Buildings £	Cold Store & Refrigeration Plant £	Plant & Machinery £	Motor Vehicles £	Computers £	Total £
COST						
At 1 November 2002	241185	279836	414153	211899	18718	1165791
Additions	13755	193454	25919	48516	6952	288596
Disposals	-	-	13000	43225	-	56225
At 31 October 2003	254940	473290	427072	217190	25670	1398162
DEPRECIATION						
At 1 November 2002	49783	-	230439	112036	17046	409304
Charge for the Year	4424	47329	29838	30621	1659	113871
On Disposals	-	-	5891	34444	-	40335
At 31 October 2003	54207	47329	254386	108213	18705	482840
NET BOOK VALUE						
At 31 October 2003	200733	425961	172686	108977	6965	915322
At 31 October 2002	191402	279836	183714	99863	1672	756487

Freehold land and buildings are stated at cost.

The cost of motor vehicles and plant and machinery includes £91443 and £nil respectively (2002 - £93360 and £16950) in respect of assets held under finance leases. Depreciation charged in the year in respect of these assets were £18268 and £nil. (2002 - £17046 and £1921). Accumulated depreciation on these assets amounted to £33539 and £nil. (2002 - £26808 and £6063).

7 STOCK

	2003 £	2002 £
Raw materials and consumables	8966	8452
Finished goods and goods for resale	299470	237702
	308436	246154

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003 (CONTINUED)

8 DEBTORS

	2003	2002
	£	£
Trade debtors	861681	768751
Other debtors	23182	51718
Prepayments and accrued income	15630	16249
	900493	836718

9 INVESTMENTS

This comprises the following:-

	2003	2002
	£	£
Flexible Bond (Unit Linked Whole Life Assurance Policy)	50000	50000
Investment Management Agreement	-	62257
	50000	112257

The market value of these investments at 31 October 2003 was £94685 (2002 - £145674).

10 CREDITORS

	Due Within One Year		Due After More Than One Year	
	2003	2002	2003	2002
	£	£	£	£
Trade Creditors	565000	575449	-	-
Taxation and Social Security	33106	53097	-	-
Other Creditors	34684	39945	10189	20941
Accruals and Deferred Income	142413	12036	-	-
Bank Loan and Overdraft (secured)	282462	80049	101236	150000
	1057665	760576	111425	170941

Other creditors includes £34710 (2002 - £51693) secured under finance lease agreements, falling due as follows:-

	2003	2002
	£	£
Falling due within one year	24520	30752
Falling due between two and five years	10190	20941

The bank loan and overdraft is secured on freehold land and buildings whilst the amounts outstanding on finance lease are secured on the assets to which the agreements relate.

The bank loan is repayable as follows:-

	2003	2002
	£	£
Falling due within one year	50000	50000
Falling due between one and two years	50000	50000
Falling due between two and five years	50000	100000

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003 (CONTINUED)

11	CALLED UP SHARE CAPITAL	2003	2002
	Authorised		
	Ordinary Shares of £1 each	200000	200000
	Allotted, Issued and Fully Paid		
	Ordinary Shares of £1 each	80674	80674
12	CONTINGENT LIABILITIES		
	There is a contingent liability of £58436 in respect of uninsured stock.		
13	FINANCIAL COMMITMENTS		
	Annual commitments under non-cancellable operating leases are due to expire as follows:-		
		2003	2002
		£	£
	Plant and Equipment		
	Less than one year	6597	-
	Two and Five Years inclusive	5440	9946
	Over Five Years	3060	3060
	There were capital commitments of £nil (2002 - £195954).		
14	REVALUATION RESERVE		
		Investment	Property
		2003	2002
		£	£
	Opening balance at 1 November 2002	-	40590
	Revaluation during the Year	-	-
	Realised surplus transferred to profit and loss reserve	-	40590
	Closing balance at 31 October 2003	-	-
15	TRANSACTIONS WITH RELATED PARTIES		
	Directors		
	The following sums were owing to the directors of the company.		
		2003	2002
		£	£
	Mrs C E Taylor	199	359
	Mr R J O Taylor	8834	8834
	The company is under the control of Mr R J O Taylor, by virtue of his controlling shareholding.		
16	SHAREHOLDERS FUNDS		
		2003	2002
		£	£
	Balance at 1 November 2002	989932	868829
	(Loss)/Profit for the year	(6565)	121103
	Balance at 31 October 2003 (Equity Interests)	983367	989932

OWEN TAYLOR AND SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST OCTOBER 2003 (CONTINUED)

17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating Profit	12337	156627
Depreciation	113871	69581
Loss on Sale of Tangible Fixed Assets	9665	1250
(Increase)/Decrease in Stock	(62282)	10325
Increase in Debtors	(63775)	(82021)
(Increase)/Decrease in Investments	62257	(1295)
Increase/(Decrease) in Creditors	126627	(8778)
	198700	145689

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note 19)

	£
(Decrease) in cash in the period	(150365)
Cash outflow from lease financing	36047
Change in net debt from cash flows	(114318)
New Finance Leases	(19064)
Movement in Net Debt in the Period	(133382)
Net Debt at 1 November 2002	281592
Net Debt at 31 October 2003	414974

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1.11.02	Cash Flow	Other Changes	At 31.10.03
Cash in Hand and at Bank	150	3284	-	3434
Overdrafts	(30049)	(202413)	-	(232462)
Loans	(200000)	48764	-	(151236)
		(150365)		
Finance Leases	(51693)	36047	(19064)	(34710)
	(281592)	(114318)	(19064)	(414974)

20 PROVISION FOR LIABILITIES AND CHARGES

	2003	2002
Deferred Taxation (Fully Provided)		
Movement in Year		
At 1 November 2002	30317	31648
Movement for the Year	(5089)	251
Movement due to tax rate changes	-	(1582)
At 31 October 2003	25228	30317
Accelerated Capital Allowances	51740	30317
Capital Losses	(2248)	-
Deferred (Grant) Income	(24264)	-
	25228	30317