

Company Number - 1294549

BOSTON POTATO COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2004



BulleyDavey

Wishbech



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BOSTON POTATO COMPANY LIMITED

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

FINANCIAL STATEMENTS	<i>Page</i>
Board of Directors and Officials	1
Report of the Directors	2 - 3
Report of the Auditor	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Accounting Policies	8
Notes to the Financial Statements	9 - 16

BOSTON POTATO COMPANY LIMITED

BOARD OF DIRECTORS AND OFFICIALS

Directors

*J Elmer
R Collyer
W Dunne*

Secretary

R Collyer

Registered Office

*9/10 The Crescent
WISBECH
Cambs
PE13 1EH*

Auditor

*Bulley Davey
9/10 The Crescent
WISBECH
Cambs
PE13 1EH*

Bankers

*National Westminster Bank plc
Peterborough Business Centre
The Lawns
33 Thorpe Road
PETERBOROUGH
PE1 1EZ*

Registration Number

1294549

BOSTON POTATO COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31 May 2004.

Principal Activity

The principal activity of the Company in the year under review was that of potato sales and processing.

Review of the Business

A summary of the results of the year's trading is given on page 5 of the accounts.

The Directors are pleased to report a profit after taxation of £130,828 (2003 loss £328,421). This has been transferred to reserves.

Dividends

No dividends were paid during the year.

Fixed Assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

Directors

The beneficial interests of the Directors and their families in the issued ordinary share capital of the Company were as follows:-

	31.05.04	31.05.03
J Elmer	Nil	Nil
R Collyer	Nil	Nil
W Dunne	Nil	Nil

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 the Company's affairs and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- * 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 accounts 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.

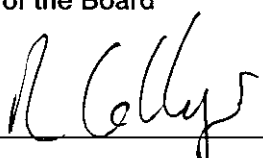
BOSTON POTATO COMPANY LIMITED

REPORT OF THE DIRECTORS CONTINUED

Auditors

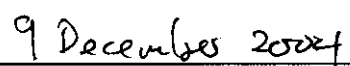
A resolution proposing the reappointment of Bulley Davey as Auditors of the Company will be put to the Annual General Meeting.

By Order of the Board



R Collyer

Secretary



Date

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF BOSTON POTATO COMPANY LIMITED

We have audited the financial statements set out on pages 5 to 16 which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

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 Auditor

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the 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 misstatements within it.


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 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 May 2004, and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


Bulley Davey
Registered Auditors
9/10 The Crescent
WISBECH
Cambs
PE13 1EH

10th December 2004

Date

BOSTON POTATO COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**

YEAR ENDED 31 MAY 2004

	Note	2004 £	2003 £
Turnover	1	20,757,633	13,024,228
Cost of sales		18,580,207	11,581,089
Gross Profit		2,177,426	1,443,139
Selling and distribution costs		839,154	829,935
Administrative expenses		1,107,001	924,605
		1,946,155	1,754,540
Operating Profit/(Loss)	2	231,271	(311,401)
Other income	3	(3,698)	(56,440)
Interest receivable	4	-	(1,311)
Interest payable	5	104,141	107,718
		100,443	49,967
Profit/(Loss) on Ordinary Activities Before Taxation		130,828	(361,368)
Taxation	6	-	(32,947)
Profit/(Loss) on Ordinary Activities After Taxation		130,828	(328,421)
Dividends		-	-
Profit/(Loss) For Financial Year	15	130,828	(328,421)

The movement on reserves is set out in note 16.

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

The accounting policies and notes on pages 8 to 16 form part of these financial statements.

STATEMENT OF RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MAY 2004

The only recognised gain/loss for the period was the profit for the financial year of £130,828.

BOSTON POTATO COMPANY LIMITED

BALANCE SHEET

AS AT 31 MAY 2004

	Note	2004 £	2003 £
Tangible Fixed Assets	9	2,647,118	2,630,007
Current Assets			
Stock	10	312,739	182,201
Debtors	11	1,410,152	1,767,503
Cash at bank and in hand		735	139
		1,723,626	1,949,843
Creditors - amounts falling due within one year	12	(3,740,863)	(3,881,992)
Net Current Liabilities		(2,017,237)	(1,932,149)
Total Assets Less Current Liabilities		629,881	697,858
Creditors - amounts falling due after one year	13	(645,864)	(844,669)
Net Liabilities		(15,983)	(146,811)
Capital and Reserves			
Called up share capital	15	3,000	3,000
Profit and loss account	15	(18,983)	(149,811)
Shareholders Funds	15	(15,983)	(146,811)

The financial statements were approved by the Directors on:-

9 December 2004

Signed on Behalf of the Board:

J Elmer

Director

The accounting policies and notes on pages 8 to 16 form part of these financial statements.

BOSTON POTATO COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	20	730,275	623,746
Return on investments and servicing of finance	21	(107,532)	(105,207)
Taxation	21	-	31,277
Capital expenditure and financial investment	21	(384,749)	(421,723)
Financing	21	237,994 (209,052)	128,093 (240,935)
Increase/(Decrease) in Cash During the Year		28,942	(112,842)

Reconciliation of Net Cash Flow to Movement in Net Debt	22	2004 £	2003 £
Increase/(decrease) in cash during the year		28,942	(112,842)
Cash outflow in respect of hire purchase agreements		110,226	158,529
Cash outflow in respect of bank loans		36,326	32,406
Cash outflow in respect of mortgage		62,500	50,000
Change in net debt resulting from cash flows		237,994	128,093
Net debt at 1 June		(1,684,370)	(1,812,463)
Net Funds at 31 May		(1,446,376)	(1,684,370)

The accounting policies and notes on pages 8 to 16 form part of these financial statements.

BOSTON POTATO COMPANY LIMITED**ACCOUNTING POLICIES**YEAR ENDED 31 MAY 2004

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

Fixed Assets

Tangible fixed assets have been recorded at original cost and depreciation is provided to write off the cost over their estimated useful lives. The principal rates applied are as follows:-

Motor vehicles	25% reducing balance
Equipment	15% reducing balance
Prepack line	straight line over 5 years
Land and buildings	2% reducing balance
Computer equipment	straight line over 3 years

Stock

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

Deferred Taxation

Deferred taxation arises as a result of including items of income and expenditure in taxation computations on periods different from those in which they are included in the Company's accounts. Deferred taxation is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average rates that are expected to apply when timing differences reverse, based on current tax rates and laws. This is in accordance with FRS 19 Deferred Taxation.

Hire Purchase Commitments

Assets hired under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives.

The interest element of the hire purchase contract is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Pension Costs

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. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Leased Assets

Assets used by the Company which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors. Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Going Concern

The accounts have been prepared on a going concern basis despite the fact that the Company has net liabilities of £15,983.

The Directors consider this to be appropriate because of the continuing support of their principal customer.

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

1 Turnover and Profit/(Loss) on Ordinary Activities Before Taxation

The turnover and profit/(loss) before taxation is attributable to one activity, that of potato sales and processing.

2 Operating Profit/(Loss)	2004	2003
Operating profit/(loss) is stated after charging:-	£	£
Staff costs (see note 8)	2,407,147	1,617,660
Auditors remuneration	7,500	6,500
Depreciation	350,243	307,313
Loss on disposal of assets	17,395	4,290
Hire of plant and machinery	18,974	18,698
Operating lease payments	80,106	66,265

3 Other Income	2004	2003
	£	£
Rent receivable	3,698	10,042
Proceeds from claim in respect of loss of income	-	46,398
	3,698	56,440

4 Interest Receivable	2004	2003
	£	£
Bank interest	-	10
Other interest	-	1,301
	-	1,311

5 Interest Payable	2004	2003
On bank loans, overdrafts and other loans:-	£	£
Repayable within 5 years, not by instalments	41,245	35,994
Repayable within 5 years, by instalments	28,178	33,290
Repayable wholly or partly in more than 5 years	34,718	38,434
	104,141	107,718

6 Tax on Profit/(Loss) on Ordinary Activities	2004	2003
	£	£
Current Tax		
- UK corporation tax	-	-
Deferred Tax		
- Origination and reversal of timing differences	-	(32,947)
Total Tax on Profit/(Loss) on Ordinary Activities	-	(32,947)

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

7 Factors Affecting Tax Charge for Period	2004	2003
	£	£
Profit/(loss) on ordinary activities before taxation	130,828	(361,368)
Profit/(loss) on ordinary activities @ standard rate of UK corporation tax - 2004 19% (2003 19%)	24,857	(68,660)
Effects of:-		
Expenses not deductible for tax purposes	2,028	1,928
Capital allowances in excess of depreciation	(5,432)	(26,842)
Tax losses c/fwd	(20,751)	93,574
Current tax charge for period (see note 6)	-	-

8 Directors and Employees	2004	2003
Staff costs during the period:	£	£
Wages and salaries	2,056,397	1,450,255
Social security	214,226	133,442
Redundancy and compensation for loss of office	120,457	-
Pension costs	16,067	33,963
	2,407,147	1,617,660

Of the above wages and salaries £1,636,534 is included in cost of sales.

1 Director (2004 1) is a member of the money purchase pension scheme.

The average number of employees, including the Directors, was as follows:-

- Cost of sales	101	73
- Selling and distribution	13	14
- Administrative	10	4
	124	91

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

8 Directors and Employees (continued)

Staff costs include remuneration in respect of the Directors as follows:-	2004 £	2003 £
Management remuneration	30,000	30,000
Benefits in kind	20,625	18,351
Pension costs	2,035	1,971

9 Tangible Fixed Assets

	Total £	Land and Buildings £	Motor Vehicles £	Equipment £
Cost				
At 1 June 2003	3,280,789	1,588,095	124,425	1,568,269
Additions	448,250	50,600	30,670	366,980
Disposals	186,332	-	64,075	122,257
At 31 May 2004	3,542,707	1,638,695	91,020	1,812,992
Depreciation				
At 1 June 2003	650,782	92,101	58,526	500,155
Deleted on disposal	105,436	-	33,779	71,657
Charge for year	350,243	30,297	16,064	303,882
At 31 May 2004	895,589	122,398	40,811	732,380
Net Book Values				
At 31 May 2004	2,647,118	1,516,297	50,209	1,080,612
At 31 May 2003	2,630,007	1,495,994	65,899	1,068,114

Included above are the following amounts relating to assets purchased under hire purchase and lease purchase contracts:-

	Equipment £
Depreciation charge for year	104,165
Net book value at 31 May 2004	287,238

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

10 Stock	2004 £	2003 £
Stock	312,739	172,281
Valuation	-	9,920
	312,739	182,201
11 Debtors	2004 £	2003 £
Amounts falling due within one year:-		
Trade debtors	1,241,992	1,578,119
Other debtors	150,118	189,384
Prepayments	18,042	-
	1,410,152	1,767,503
12 Creditors - amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts (secured)	700,816	731,394
Hire purchase/lease purchase commitments (see note 14)	100,431	108,446
Trade creditors	2,820,334	2,919,088
Social security and other taxes	58,818	49,500
Other creditors	22,718	49,064
Accruals	37,746	24,500
	3,740,863	3,881,992

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

13 Creditors - amounts falling due after one year	2004 £	2003 £
Hire purchase/lease purchase commitments (see note 14)	131,932	234,143
Bank loans	513,932	610,526
	645,864	844,669
Loans outstanding at 31 May 2004 are repayable as follows:-		
	2004 £	2003 £
Repayable between 1 - 2 years	86,877	89,118
Repayable between 2 - 5 years	129,370	196,969
Repayable in 5 years or more	297,685	324,439
	513,932	610,526

The bank overdraft and loans are secured by a fixed and floating charge over the book debts and freehold property. The bank loan is expected to be repaid by December 2013 and is currently being paid by monthly instalments with interest being paid at 3.00% above bank base rate.

The obligations under finance leases are secured on the finance lease assets included under tangible fixed assets.

14 Hire Purchase and Lease Purchase Commitments

	Lease Purchase		Hire Purchase	
	2004 £	2003 £	2004 £	2003 £
Year ending 31 May 2005	101,273	101,274	17,107	26,149
After 31 May 2005	151,909	253,182	1,835	20,836
	253,182	354,456	18,942	46,985
Finance charges allocated to future periods	(35,694)	(49,974)	(4,067)	(8,878)
	217,488	304,482	14,875	38,107
Due within 1 year	86,995	86,995	13,436	21,451
Due within 2 - 5 years	130,492	217,487	1,440	16,656

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

15 Share Capital and Reconciliation of Movements in Shareholders Funds

	2004 £	2003 £
Ordinary Shares of £1 Each		
Authorised	3,000	3,000
Allotted, called up and fully paid	3,000	3,000
Surplus/(deficit) brought forward as previously stated	(149,811)	178,610
Shareholders funds at 1 June	(146,811)	181,610
Profit/(loss) for the year	130,828	(328,421)
Shareholders Funds at 31 May	(15,983)	(146,811)

All shareholders funds are attributable to equity interests.

16 Deferred Taxation

	2004 £	2003 £
Accelerated capital allowances	-	-
Provision at 1 June	-	32,947
Deferred tax charge in profit and loss account for year	-	(32,947)
Provision at 31 May	-	-

17 Contingent Liabilities

There were no contingent liabilities at either 31 May 2004 or 31 May 2003.

18 Capital Commitments

	2004 £	2003 £
Pre-pack line plant and machinery	31,450	-
Land	207,000	-

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

19 Leasing Obligations	2004 £	2003 £
Operating lease commitments:-		
Between 1 and 2 years	76,062	56,817
Between 2 and 5 years	102,203	109,128
	178,265	165,945
20 Reconciliation of Operating Profit/(Loss) to Net Cash Flow	2004 £	2003 £
Operating profit/(loss)	234,969	(254,961)
Depreciation charge	350,243	307,313
Loss on disposal of assets	17,395	4,290
Decrease/(Increase) in stock	(130,538)	112,273
Decrease in debtors	357,351	357,772
Increase/(decrease) in creditors	(99,145)	97,059
	730,275	623,746
21 Gross Cash Flows	2004 £	2003 £
Return on investment and servicing of finance:-		
Interest received	-	10
Interest on corporation tax repayment	-	1,301
Bank and mortgage interest paid	(78,783)	(82,136)
Other interest paid	(9,190)	-
Hire purchase and lease purchase interest paid	(19,559)	(24,382)
	(107,532)	(105,207)
Taxation:-		
Repayment of corporation tax received	-	31,277
Capital expenditure and financial investment:-		
Purchase of tangible fixed assets	(448,250)	(423,623)
Receipts from sale of tangible fixed assets	63,501	1,900
	(384,749)	(421,723)

BOSTON POTATO COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

21 Gross Cash Flows Continued	2004 £	2003 £
Financing:-		
Repayment of capital element of hire purchase commitments	(110,226)	(158,529)
Repayment of capital element of bank loans	(36,326)	(32,406)
Repayments to mortgage	(62,500)	(50,000)
	(209,052)	(240,935)

22 Analysis of Changes in Net Debt	01.06.03 £	Cash Flows £	Other Changes £	31.05.04 £
Cash at bank	139	596	-	735
Bank overdraft	(644,822)	28,346	-	(616,476)
	(644,683)	28,942	-	(615,741)
Hire purchase	(342,589)	110,226	-	(232,363)
Bank loan	(534,598)	36,326	-	(498,272)
Mortgage	(162,500)	62,500	-	(100,000)
	(1,039,687)	209,052	-	(830,635)
	(1,684,370)	237,994	-	(1,446,376)

23 Major Non-Cash Transactions

The Company has not entered into any hire purchase and lease purchase agreements during this or last year.

24 Controlling Party

The Company is under the control of K. Abou Ismail by virtue of his 100% shareholding.

25 Related Party Transactions

During the year the following transactions took place with Hoche International (Produce) Ltd., the Company's principal customer, which provides the Company with financial support.

Sale of goods and services	£15,966,273
Purchase of goods and services	£231,512

At the end of the year balances were as follows:-

Owed to the Company	£524,014
Owed by the Company	£4,312

All the above transactions were undertaken at arms length on normal commercial terms.