

Richmond Operations Limited

Directors' report and financial statements

28 September 2003

Registered number 1665242



Directors' report and financial statements

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Directors' report

The Directors present their annual report and the audited financial statements year, comprising 52 weeks, ended on 28 September 2003.

Principal activities and business review

The company became dormant at the beginning of the period, all trade and assets being transferred to Richmond Ice Cream Limited. Details of the results for the year are given in the profit and loss account on page 4.

Dividend

The directors recommend no dividend in 2003 (2002: £2,000,000).

Directors and directors' interests

The directors who held office during the year, together with interests in the shares of Richmond Foods plc, the Ultimate Parent Company, at the end of the year were as follows:

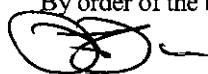
	At 28 September 2003	At 29 September 2002
	Ordinary shares	Ordinary shares
JS Lambert	944,216	961,516
AJ Waldron	124,147	135,801
MJ Fraine	68,824	68,824

None of the directors had any beneficial interest in the shares of the company at any time during the year. Mr JS Lambert is also a director of the ultimate parent company, Richmond Foods plc, and his interest is disclosed in that company's financial statements.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming AGM.

By order of the board


AB Finneran
Secretary

Richmond House
Leeming Bar
Northallerton
North Yorkshire

1 July 2004

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 of the company for that year. 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a 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 Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the independent auditors to the members of Richmond Operations Limited

We have audited the financial statements on pages 4 to 19.

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 2, 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 28 September 2003 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 July 2004

Profit and loss account
for the year ended 28 September 2003

	<i>Notes</i>	52 weeks ended 28 September 2003	52 weeks ended 29 September 2002
		£'000	£000
Turnover	2	-	48,564
Cost of sales		-	(36,215)
		<hr/>	<hr/>
Gross profit		-	12,349
Distribution costs		-	(4,170)
Administrative expenses		-	(4,829)
		<hr/>	<hr/>
Operating profit		-	3,350
Interest payable and similar charges	6	-	(313)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4-6	-	3,037
Tax on profit on ordinary activities	7	747	(1,188)
		<hr/>	<hr/>
Profit for the financial year		747	1,849
Dividends	8	-	(3,000)
		<hr/>	<hr/>
Retained (loss)/profit transferred (from)/to reserves	16	747	(1,151)
		<hr/>	<hr/>

The company had no recognised gains or losses in either year other than the profit for the year.

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.

Balance sheet
as at 28 September 2003

	<i>Note</i>	28 September 2003	29 September 2002
		£000	£000
Fixed assets			
Tangible assets	9	-	9,629
Current assets			
Stocks	10	-	5,981
Debtors	11	3,022	19,540
Cash in hand		-	598
		3,022	26,119
Creditors: amounts falling due within one year	12	-	(30,544)
Net current liabilities		3,022	(4,425)
Total assets less current assets/(liabilities)		3,022	5,204
Creditors: amounts falling due after more than one year	13	-	(2,182)
Provisions for liabilities and charges	14	-	(747)
Net assets		3,022	2,275
Equity shareholders' funds			
Called up share capital	17	-	-
Profit and loss account	16	3,022	2,275
		3,022	2,275

These financial statements were approved by the board of Directors on 1 July 2004 and were signed on its behalf by:



AB Finneran
Director

Reconciliation of movements in shareholders' funds
for the year ended 28 September 2003

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
Profit for the financial year	747	1,849
Dividends	-	(3,000)
Retained (loss)/profit for the year	747	(1,151)
Opening shareholders' funds	2,275	3,426
Closing shareholders' funds	3,022	2,275

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.

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.

Fixed assets and depreciation

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

Freehold buildings	-	50 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	5 - 10 years
Motor vehicles	-	4 years

Leases

Assets acquired under finance leases 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 year of the lease.

Pension costs

The company operates a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Research and development expenditure

Expenditure on research and development is written off against profits in the year.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the current purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Taxation is based on the profit or loss for the years and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The Group has implemented FRS19 relating to Deferred Taxation for the first time. Except where otherwise required by accounting standards, full provision is made, without discounting, for all timing differences which have arisen but not reversed at the balance sheet date. Under SSAP15 the Group recognised differed tax.

Related party transactions

Advantage has been taken of the exemption in the Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose any transactions between the Company and Richmond Foods PLC, the ultimate parent company, and its subsidiaries, as these have been eliminated on consolidation in the financial statements of Richmond Foods PLC.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss.

Notes *(continued)*

2 Analysis of turnover

Turnover represents amounts derived from the provision of goods and services excluding inter company sales and value added tax.

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
Geographical analysis of turnover:		
United Kingdom	-	48,564
European and other exports	-	-
	<hr/>	<hr/>
	-	48,564
	<hr/>	<hr/>

Notes *(continued)*

3 Profit on ordinary activities before taxation

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Operating leases - plant & machinery	-	103
- other	-	66
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	-	1,112
Leased	-	338
Loss on sale of fixed assets	-	-
Auditors remuneration	-	2
	<hr/>	<hr/>

4 Remuneration of Directors

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
Emoluments	-	225
Pension contributions	-	23
Benefits in kind	-	2
	<hr/>	<hr/>
	-	250
	<hr/>	<hr/>

The emoluments of the highest paid Director were £Nil (2002: £111,065). Contributions paid to a money purchase scheme for the highest paid Director were £Nil (2002: £11,613).

The number of Directors for which contributions were paid to money purchase schemes was Nil (2002: two).

Notes *(continued)*

5 Staff numbers and costs

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

	52 weeks ended 28 September 2003	52 weeks ended 29 September 2002
Production	-	279
Sales	-	16
Administration	-	14
	<hr/>	<hr/>
	-	309
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
Wages and salaries	-	4,904
Social security costs	-	407
Other pension costs (see note 19)	-	100
	<hr/>	<hr/>
	-	5,411
	<hr/>	<hr/>

Notes *(continued)*

6 Interest payable and similar charges

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
On bank loans and overdrafts wholly repayable within five years	-	221
Finance charges payable in respect of finance leases and similar hire purchase contracts	-	92
	<hr/>	<hr/>
	-	313
	<hr/>	<hr/>

7 Taxation

	52 weeks ended 28 September 2003 £'000	52 weeks ended 29 September 2002 £000
UK corporation tax at 30% (2001: 30%)	-	1091
Deferred tax	(747)	99
	<hr/>	<hr/>
	(747)	1190
Adjustments to prior years' tax provisions		
Corporation tax	-	(3)
Deferred tax	-	1
	<hr/>	<hr/>
	(747)	1,188
	<hr/>	<hr/>
	2003 £'000	2002 £'000
Current tax		
UK corporation tax on profits in period	-	1,091
Adjustment to tax charge in respect of previous periods	-	(3)
	<hr/>	<hr/>
	-	1,088
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(747)	99
Adjustment in relation to prior periods	-	1
	<hr/>	<hr/>
	(747)	100
	<hr/>	<hr/>

Notes *(continued)*

7 Taxation (continued...)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2002:30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	-	5,683
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	-	1,705
Expenses not deductible for tax purposes	-	33
Utilisation of tax losses	-	(548)
Adjustment to tax charge in respect of previous periods	-	(3)
Capital allowances in excess of depreciation and other timing differences	(747)	(99)
Current tax charge for period	(747)	1,088

8 Dividends

	52 weeks ended 28 September 2003 £000	52 weeks ended 29 September 2002 £000
Dividend proposed	-	2,000
Dividend paid	-	1,000
	-	3,000

Notes *(continued)*

9 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Plant and machinery £000	Office Equipment £000	Motor Vehicles £000	Total £000
<i>Cost or valuation</i>						
At beginning of year	1,724	937	14,208	1,108	22	17,999
Transfer to fellow subsidiary	(1,724)	(937)	(14,208)	(1,108)	(22)	(17,999)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
At beginning of year	24	490	6,898	940	18	8,370
Transfer to fellow subsidiary	(24)	(490)	(6,898)	(940)	(18)	(8,370)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At 28 September 2003	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 September 2002	1,700	447	7,310	168	4	9,629
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	28 September 2003 £000	29 September 2002 £000
Short leasehold	-	447
	<hr/>	<hr/>

Included in the total net book value of fixed assets is £Nil (2002: £3,039,000) in respect of assets held under finance leases. Depreciation for the year on assets held under finance leases was £Nil (2002: £338,000).

10 Stocks

	28 September 2003 £000	29 September 2002 £000
Engineering stock	-	225
Raw materials and consumables	-	598
Finished goods and goods for resale	-	5,158
	<hr/>	<hr/>
	-	5,981
	<hr/>	<hr/>

In the opinion of the directors, there is no significant difference in the values above and their replacement values.

11 Debtors

	28 September 2003 £000	29 September 2002 £000
Trade debtors	-	15,128
Other debtors	-	155
Amounts owed by group undertakings	3,022	3,824
Prepayments and accrued income	-	391
Corporation tax	-	42
	<hr/>	<hr/>
	3,022	19,540
	<hr/>	<hr/>

Notes *(continued)*

12 Creditors: amounts falling due within one year

	28 September 2003 £000	29 September 2002 £000
Obligations under finance leases and similar hire purchase contracts (note 14)	-	395
Trade creditors	-	8,188
Other taxes and social security	-	3,418
Other creditors	-	222
Amounts owed to group undertakings	-	13,260
Accruals and deferred income	-	3,061
Dividend	-	2,000
	<hr/>	<hr/>
	-	30,544
	<hr/>	<hr/>

13 Creditors: amounts falling due after more than one year

	28 September 2003 £000	29 September 2002 £000
Obligations under finance leases and similar hire purchase contracts	-	2,182
	<hr/>	<hr/>

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

	28 September 2003 £000	29 September 2002 £000
Within one year	-	395
In the second to fifth year	-	2,182
	<hr/>	<hr/>
	-	2,577
	<hr/>	<hr/>

Notes *(continued)*

14 Provisions for liabilities and charges

	28 September	29 September
	2003	2002
	£000	£000
Deferred taxation	-	747
	<hr/>	<hr/>
	-	747
	<hr/>	<hr/>
	28 September	29 September
	2003	2002
	£000	£000
Deferred taxation		
Balance brought forward	747	648
Adjustment in prior years	-	1
	<hr/>	<hr/>
	747	649
Current year charge	(747)	98
	<hr/>	<hr/>
Balance carried forward	-	747
	<hr/>	<hr/>

There are no amounts of unprovided deferred tax.

Notes *(continued)*

14 Provisions for liabilities and charges *(continued)*

The amounts provided in the accounts are as follows:

	28 September 2003 £000	29 September 2002 £000
Capital allowances in advance of depreciation	-	648
Other timing differences	-	99
	<u> </u>	<u> </u>
	-	747
	<u> </u>	<u> </u>

15 Called up share capital

	Authorised No.	£	Allotted & fully paid No.	£
At 29 September 2002 and 28 September 2003				
Ordinary shares of £1 each	100	100	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Reserves

	Profit and loss account £000
At beginning of year	2,275
Profit for the financial year	747
	<u> </u>
At end of year	3,022
	<u> </u>

Notes (continued)

17 Commitments

- (i) Capital commitments which have been contracted for at the end of the year and for which no provision has been made are £NIL (2002: £958,000).
- (ii) Commitments under forward orders for raw material and packaging purchases for which no provision has been made amounted to £NIL (2002: £2,027,000) at the end of the year
- (iii) Annual commitments under non-cancellable operating leases are as follows: -
The land and buildings commitment is £NIL (2002: £70,000) for leases which expire over five years.
The commitment for other operating leases is £NIL (2002: £Nil), £NIL (2002: £89,000) and £NIL (2002: £Nil) for expiry within one year, two to five years and over five years respectively.

18 Pension scheme

The defined contribution pension scheme was transferred to Richmond Ice Cream Limited. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year represents contributions payable by the company to the scheme and amounted during the year to £Nil (2002: £100,000).

Contributions amounting to £NIL were payable to the fund at 28 September 2003 (2002: £25,000).

19 Related party disclosure and ultimate parent undertaking

The company is controlled by and is a subsidiary undertaking of Richmond Foods plc incorporated in Great Britain. The consolidated accounts of the group are available to the public and may be obtained from:

Richmond Foods plc
Richmond House
Leeming Bar
Northallerton
North Yorkshire
DL7 9UL