

Cauldron Foods Limited

Directors' report and financial statements

Registered number 1679418

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000. The company is a wholly owned subsidiary of Rayner Food Group Limited. The ultimate parent company and controlling entity is Broomco (2307) Limited which acquired 100% of the share capital of Rayner Food Group Limited on 12 December 2000.

Principal activities

The principal activity of the company is the manufacture of chilled health food products. No significant change in activities is expected in the foreseeable future.

Business review

Both the level of business and the year end financial position were satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The result for the year retained in the group is shown on page 5.

Directors and directors' interests

The directors who held office during the year were as follows:

G Kirby (Chairman) (resigned 12 December 2000)

RS Skilbeck

NJ Horley

SRA Blake (resigned 31 January 2001)

M Beard (appointed 12 December 2000)

A Long (appointed 12 December 2000)

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

The interests of the directors in the immediate parent company, Rayner Food Group Limited and the ultimate parent company Broomco (2307) Limited are shown in that company's financial statements.

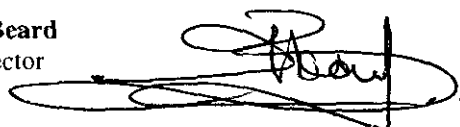
Directors' report *(continued)*

Auditors

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

On behalf of the board

M Beard
Director

A handwritten signature in black ink, appearing to read 'M Beard', with a large, sweeping horizontal stroke underneath.

4 Bull Lane
Edmonton
London
N18 1TQ

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.



St James' Square
Manchester M2 6DS
United Kingdom

Report of the auditors to the members of Cauldron Foods Limited

We have audited the financial statements on pages 5 to 16.

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. 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.

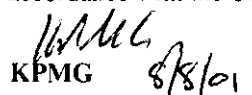
Basis of opinion

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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG 8/8/01
Chartered Accountants
Registered Auditors

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	<i>1</i>	7,317	5,338
Cost of sales		(4,850)	(3,573)
Gross profit		2,467	1,765
Distribution costs		(1,165)	(919)
Administrative expenses		(296)	(271)
Operating profit		1,006	575
Interest payable and similar charges	<i>5</i>	(21)	(59)
Profit on ordinary activities before taxation	<i>2</i>	985	516
Tax on profit on ordinary activities	<i>6</i>	(286)	(142)
Profit on ordinary activities after taxation		699	374
Retained profit for the year		699	374

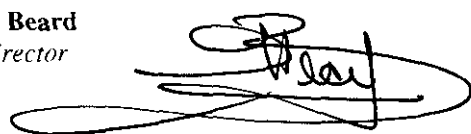
All amounts are derived from continuing activities. There are no other recognised gains or losses and no material differences between the profit and losses shown and their historic cost equivalents.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £000	1999 £000	£000
Fixed assets	7		1,728	1,609
Current assets				
Stocks	8	323	331	
Debtors	9	1,319	758	
Cash at bank and in hand		-	28	
		<u>1,642</u>	<u>1,117</u>	
Creditors: amounts falling due within one year	10	<u>(1,433)</u>	<u>(1,452)</u>	
Net current assets/(liabilities)			<u>209</u>	<u>(335)</u>
Total assets less current liabilities			<u>1,937</u>	<u>1,274</u>
Creditors: amounts falling due after more than one year	11		<u>(18)</u>	<u>(54)</u>
Net assets			<u>1,919</u>	<u>1,220</u>
Capital and reserves				
Called up share capital	13	290	290	
Share premium account		70	70	
Profit and loss account		1,559	860	
Equity shareholders' funds			<u>1,919</u>	<u>1,220</u>

These financial statements were approved by the board of directors on 26.07.01 and were signed on its behalf by:

M Beard
Director



Reconciliation of movements in shareholders' funds

For the year ended 31 December 2000

	2000 £000	1999 £000
Profit for the financial year	699	374
Net addition to shareholders' funds	699	374
Opening shareholders' funds	1,220	846
Closing shareholders' funds	1,919	1,220

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, modified to include the revaluation of freehold properties.

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.

Related party transactions

The directors have taken advantage of the exemption contained in FRS 8, paragraph 3 (c), and have not disclosed related party transactions with group companies.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation over their estimated useful economic lives as follows:

Short – term leasehold improvements	-	Over the terms of the lease
Plant and machinery	-	10-20% straight line
Fixtures, fittings, tools and equipment	-	10-20% straight line

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities are denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange differences are charged / (credited) to the profit and loss account as incurred.

Post-retirement benefits

The company is a member of Rayner Group's defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits.

The accounting effects of any deficit or surplus of assets in the fund are dealt with in the accounts of Rayner & Co Limited.

Cauldron Foods Limited pays its contributions to Rayner & Co Limited, which accepts responsibility for contributing to the Fund and for accounting for the pension cost on behalf of Cauldron Foods Limited.

Research and development expenditure

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

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

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 period of the lease.

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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	9	4
Other services	1	1
Depreciation and other amounts written off tangible fixed assets:		
Owned	244	225
Leased	21	12
(Profit) on disposal of fixed assets	-	(10)
Hire of plant and machinery – rentals payable under operating leases	38	33
Hire of other assets – operating leases	118	118
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2000 £000	1999 £000
Aggregate emoluments	119	108
Pension contributions	6	5
	<hr/> 125	<hr/> 113
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of G Kirby and SRA Blake is paid by and dealt with in the accounts of Rayner & Co Limited. It is not practical to allocate their remuneration between services as directors of Cauldron Foods Limited and services as directors of other companies within the Rayner Food Group.

The number of directors who are members of a defined benefit pension scheme is 3 (1999: 3).

4 Staff numbers and costs

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

	Number of employees	
	2000	1999
Production	88	72
Sales and distribution	18	12
Administration	4	4
	<hr/> 110	<hr/> 88
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	1,600	1,283
Social security costs	120	94
Other pension costs	78	69
	<hr/> 1,798	<hr/> 1,446
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

5 Interest payable and similar charges

	2000 £000	1999 £000
Finance charges payable in respect of finance leases and hire purchase contracts	8	8
Interest on loan from parent undertaking	13	51
	<hr/> 21	<hr/> 59
	<hr/> <hr/>	<hr/> <hr/>

6 Taxation

	2000 £000	1999 £000
<i>UK corporation tax</i>		
Current tax on income for the period at 30% (1999: 20%)	27	20
Group relief	259	122
	<hr/> 286	<hr/> 142
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Tangible fixed assets

	Short-term Leasehold Improvements £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost or valuation				
At beginning of year	507	2,166	229	2,902
Additions	8	370	6	384
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	515	2,536	235	3,286
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	111	1,054	128	1,293
Charge for year	20	218	27	265
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	131	1,272	155	1,558
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2000	384	1,264	80	1,728
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	396	1,112	101	1,609
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the net book value of plant and machinery is £111,000 (1999: £132,000) in respect of assets acquired under finance leases and hire purchase contracts. Depreciation for the year on these assets was £21,000 (1999: £12,000).

Notes (continued)

8 Stocks

	2000 £000	1999 £000
Raw materials and consumables	294	297
Work-in-progress	21	17
Finished goods and goods for resale	8	17
	<hr/> 323	<hr/> 331
	<hr/> <hr/>	<hr/> <hr/>

9 Debtors

	2000 £000	1999 £000
Trade debtors	974	629
Other debtors	95	64
Amounts owed by group undertakings	187	-
Prepayments and accrued income	63	65
	<hr/> 1,319	<hr/> 758
	<hr/> <hr/>	<hr/> <hr/>

10 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank and overdraft	267	-
Obligations under finance leases and hire purchase contracts (see note 11)	36	36
Trade creditors	486	505
Amounts owed to group undertakings	463	766
Corporation tax	27	20
Taxation and social security	41	37
Other creditors	19	16
Accruals and deferred income	94	72
	<hr/> 1,433	<hr/> 1,452
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Creditors: amounts falling due after more than year

	2000 £000	1999 £000
Obligations under finance leases and hire purchase contracts	18	54
	<u>18</u>	<u>54</u>

Analysis of debt:

	2000 £000	1999 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	36	36
Between one and two years	18	36
Between two and five years	-	18
	<u>54</u>	<u>90</u>

12 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000 Provided £000	2000 Unprovided £000	1999 Provided £000	1999 Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	120	1	193
Other timing differences	-	-	(1)	-
	<u>-</u>	<u>120</u>	<u>-</u>	<u>193</u>

Notes (continued)

13 Called up share capital

	2000 £000	1999 £000
<i>Authorised</i>		
Equity: 283,333 Ordinary shares of £1 each	283	283
20,000 "A" Ordinary shares of £1 each	20	20
	<hr/> 303	<hr/> 303
<i>Allotted, called up and fully paid</i>		
Equity: 283,333 Ordinary shares of £1 each	283	283
Non-equity: 6,667 participating cumulative preference shares of £1 each	7	7
	<hr/> 290	<hr/> 290

The 'A' ordinary shares have a fixed cumulative preferential dividend and are convertible into ordinary shares.

14 Reserves

	Share premium account £000	Profit and loss account £000
At 31 December 1999	70	860
Retained profit for the year	-	699
	<hr/> 70	<hr/> 1,559
At 31 December 2000		

Notes (continued)

15 Commitments

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2000 £000	1999 £000
Contracted	-	18

- (b) Annual commitments under non-cancellable operating leases are as follows:

	2000 Land and buildings £000	Other £000	1999 Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	6	-	6
In the second to fifth years inclusive	-	21	-	27
Over five years	118	-	118	-
	<u>118</u>	<u>27</u>	<u>118</u>	<u>33</u>

16 Pension scheme

The company is a member of the Rayner Food Group pension scheme providing benefits based on final pensionable pay.

An actuarial valuation of the scheme was carried out at 31 March 1998. At that date the actuaries reported that the assets of the scheme were sufficient to cover the projected benefits. Details of the actuarial valuation are disclosed in the financial statements of Rayner & Co Limited. The pension cost for the year was £78,000 (1999: £69,000).

17 Related party disclosures

The company is exempt under Financial Reporting Standard no 8 (FRS 8) from the requirement to disclose related party transactions with other group entities as it is a wholly owned subsidiary of the ultimate holding company.

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

The parent company for which consolidated accounts are available is Rayner Food Group Limited.

The ultimate parent company and controlling entity is Broomco (2307) Ltd which acquired 100% of the capital of Rayner Food Group Limited on 12 December 2000.

The consolidated accounts of Rayner Food Group Limited, a company registered in England and Wales, are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.