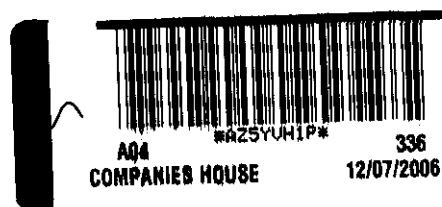


**ZEST FOODS LIMITED**

**Report and Financial Statements**

**17 September 2005**



# **ZEST FOODS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **ZEST FOODS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T J Barlow  
P M Wildman (appointed 23/03/05)  
A Mayhew (appointed 20/05/05)  
S Straub (appointed 13/06/05)  
I N McCormick (resigned 28/02/05)  
N C Williams (resigned 20/05/05)

#### **SECRETARY**

R Mendelsohn

#### **REGISTERED OFFICE**

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

#### **BANKERS**

Barclays Bank Plc  
54 Lombard Street  
London  
EC3V 9EX

#### **SOLICITORS**

Collyer Bristow  
4 Bedford Row  
London  
WC1R 4DF

KSB Law  
14 Old Square  
Lincolns Inn  
London  
WC2A 3UB

#### **AUDITORS**

KPMG Audit Plc  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

# **ZEST FOODS LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 52 week period ended 17 September 2005. Comparatives are provided for the 37 week period to 18 September 2004.

## **REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The principal activity of the company in the period under review continued to be the production and sale of sauces. The operations of the company were transferred to G. Costa and Company Limited on 18 September 2005.

## **RESULTS AND DIVIDENDS**

The results for the period and the state of the company's affairs are as set out in the attached financial statements. The directors do not recommend the payment of a dividend for the period ended 17 September 2005 (2004 – £nil).

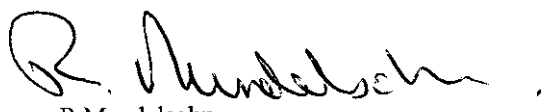
## **DIRECTORS AND THEIR INTERESTS**

At 17 September 2005 the directors had no beneficial interests in the share capital of the company (2004 – £nil).

## **AUDITORS**

The company has passed an elective resolution to dispense of AGMs. In the absence of a notice proposing that the appointment to be terminated KPMG Audit plc will be deemed to be re-appointed as auditors for the next financial year.

Approved by the Board of Directors  
and signed on behalf of the Board

  
R Mendelsohn  
Secretary

7 July 2006

## **ZEST FOODS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit and loss of the company 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; and
- 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.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEST FOODS LIMITED**

We have audited the financial statements on pages 5 to 15.

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 auditors' 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 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 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 17 September 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*10 July 2006*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

# ZEST FOODS LIMITED

## PROFIT AND LOSS ACCOUNT Period ended 17 September 2005

	Note	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
<b>TURNOVER</b>	2	4,024,528	2,767,665
Cost of sales		<u>(3,899,287)</u>	<u>(2,368,642)</u>
<b>GROSS PROFIT</b>		125,241	399,023
Distribution costs		(433,683)	(128,306)
Administrative expenses		(280,923)	(288,364)
Impairment of Fixed Assets	8	<u>(298,345)</u>	<u>-</u>
<b>OPERATING LOSS</b>	3	(887,710)	(17,647)
Interest payable and similar charges	6	<u>(35,495)</u>	<u>(400)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(923,205)	(18,047)
Tax on loss on ordinary activities	7	<u>76,516</u>	<u>5,414</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(846,689)	(12,633)
Retained profit brought forward		<u>758,958</u>	<u>771,591</u>
Retained profit carried forward		<u><u>(87,731)</u></u>	<u><u>758,958</u></u>

There were no gains or losses other than those recognised in the profit and loss account for either period.

There is no material difference between the reported profit and historical cost profit on ordinary activities before taxation for either period.

All activities of the company in the current year are of a discontinuing nature and have been stated on a historical cost basis.

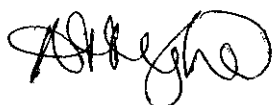
# ZEST FOODS LIMITED

## BALANCE SHEET 17 September 2005

	Note	As at 17 September 2005 £	As at 18 September 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	424,835	495,153
<b>CURRENT ASSETS</b>			
Stocks	9	517,532	411,346
Debtors	10	664,189	767,567
Cash at bank and in hand		29,760	34,356
		1,211,481	1,213,269
<b>CREDITORS: amounts falling due within one period</b>	11	(1,523,970)	(699,816)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(312,489)	513,453
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		112,346	1,008,606
<b>CREDITORS: amounts falling due after more than one period</b>	12	(200,000)	(200,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	-	(49,571)
<b>NET (LIABILITIES)/ASSETS</b>		(87,654)	759,035
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	77	77
Profit and loss account		(87,731)	758,958
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(87,654)	759,035

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

7th July, 2006.



A Mayhew  
Director



S Straub  
Director



# ZEST FOODS LIMITED

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Period ended 17 September 2005

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
Loss attributable to shareholders for the period	(846,689)	(12,633)
Net decrease in shareholders' funds	(846,689)	(12,633)
Opening shareholders' funds	759,035	771,668
Closing shareholders' funds	<u>(87,654)</u>	<u>759,035</u>

**NOTES TO THE ACCOUNTS**  
**Period ended 17 September 2005**

**1. ACCOUNTING POLICIES**

The particular accounting policies adopted are described below. They have been applied consistently throughout the period and the preceding period. The accounting reference date of the company is the nearest Saturday to 15 September. Accordingly these accounts have been for the 52 week period ended 17 September 2005.

**Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared on the going concern basis since the parent undertaking has indicated that it intends to provide such funds as are necessary for the Company to meet its obligations.

**Cash flow statement**

In accordance with Financial Reporting Standard No.1 (Revised), the company is exempt from preparing a cash flow statement as its ultimate parent undertaking has included a cash flow statement in its financial statements which are publicly available.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, less depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Portacabins	-	10% straight line
Improvements to property	-	Life of the lease
Plant and machinery	-	10% straight line
Computer equipment	-	25% straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is recognised as recoverable and therefore only recognised when on the basis of all available evidence it can be regarded as more likely than not that there will be suitable foreseeable profits from which the future reversal of the underlying timing differences can be deducted.

**Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Gains and losses on foreign exchange translations are recognised in the profit and loss account.

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 1. ACCOUNTING POLICIES (continued)

#### Leases

Assets obtained under hire purchase contracts or finance leases are capitalised at their fair values at the inception of the lease and the related payments due shown as liabilities. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term whichever is the shorter.

The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### Pensions

The company is a member of the G. Costa and Company Limited Group Scheme which is a defined contribution scheme. Contributions are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The pension cost for the period is disclosed in note 4.

### 2. TURNOVER

Turnover represents amounts receivable for goods during the period excluding value added tax, allowances, discounts and similar charges.

### 3. OPERATING LOSS

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
The operating loss is stated after charging the following:		
Depreciation		
- owned assets	115,507	51,549
- assets purchased under hire purchase contracts	3,154	2,182
- impairment of Fixed Assets	298,345	-
Operating lease rentals – plant and equipment	6,933	-
– land and buildings	61,000	41,614
Auditors' remuneration	4,550	3,150

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 4. STAFF COSTS

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
Staff costs comprise:		
Wages and salaries	1,117,223	576,023
Social security costs	85,311	52,467
Pension costs	15,606	13,104
	<u>1,218,140</u>	<u>641,594</u>
The average monthly number of employees during the period was:	No.	No.
Administration	6	5
Manufacturing	38	35
Distribution	6	3
	<u>50</u>	<u>43</u>

### 5. DIRECTORS' REMUNERATION

The directors receive their emoluments from group companies G. Costa and Company Limited and Keddie Saucemasters Limited. Zest Foods Limited paid no emoluments to the directors during the period.

Three directors were members of the G. Costa and Company Limited's money purchase scheme during the period.

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
Intercompany interest	34,915	-
Hire purchase interest	580	400
	<u>35,495</u>	<u>400</u>

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### Analysis of tax charge on ordinary activities

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
Corporation tax		
- current period	(185,882)	(14,004)
- adjustment in respect of prior periods	14,004	-
	(171,878)	(14,004)
Group relief	185,882	-
	14,004	(14,004)
Deferred tax		
- timing differences	(90,520)	8,590
	(76,516)	(5,414)

#### Factors affecting the tax charge for the period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	52 weeks ended 17 September 2005 £	37 weeks ended 18 September 2004 £
(Loss)/profit on ordinary activities before tax	(923,205)	(18,047)
Tax at 30% thereon	(276,962)	(5,414)
Effects of:		
Expenses not deductible for tax purposes	560	-
Depreciation greater/(less) than capital allowances	1,016	(8,590)
Impairment of Fixed Assets	89,504	-
Group relief	185,882	-
Adjustments in respect of prior periods	14,004	-
	14,004	(14,004)

#### Factors that may affect future tax charges

There are no factors that are expected to significantly affect future tax charges.

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 8. TANGIBLE FIXED ASSETS

	Porta Cabins £	Improvements to property £	Plant and machinery £	Computer Equipment £	Total £
<b>Cost</b>					
At 18 September 2004	5,283	149,880	713,063	28,950	897,176
Additions	-	223,768	102,436	5,991	332,195
Transfers - Intercompany	-	-	32,942	1,853	34,795
	<u>5,283</u>	<u>373,648</u>	<u>848,441</u>	<u>36,794</u>	<u>1,264,166</u>
<b>At 17 September 2005</b>					
<b>Depreciation</b>					
At 18 September 2004	3,900	44,276	336,475	17,372	402,023
Charge for the period	528	37,098	75,391	5,644	118,661
Transfers - Intercompany	-	-	18,449	1,853	20,302
Impairment losses	855	57,927	235,533	4,030	298,345
	<u>5,283</u>	<u>139,301</u>	<u>665,848</u>	<u>28,899</u>	<u>839,331</u>
<b>At 17 September 2005</b>					
<b>Net book value</b>					
At 17 September 2005	-	234,347	182,593	7,895	424,835
	<u>-</u>	<u>234,347</u>	<u>182,593</u>	<u>7,895</u>	<u>424,835</u>
At 18 September 2004	1,383	105,604	376,588	11,578	495,153
	<u>1,383</u>	<u>105,604</u>	<u>376,588</u>	<u>11,578</u>	<u>495,153</u>

### 9. STOCKS

	As at 17 September 2005 £	As at 18 September 2004 £
Raw materials and consumables	470,294	381,998
Finished goods and goods for resale	47,238	29,348
	<u>517,532</u>	<u>411,346</u>

There is no material difference between the historical cost of stocks and their replacement value.

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 10. DEBTORS

	As at 17 September 2005 £	As at 18 September 2004 £
Trade debtors	296,120	220,733
Amounts due from parent undertaking	165,177	262,461
Amounts due from other group undertakings	39,823	166,828
Other debtors	103,462	71,726
Prepayments and accrued income	18,658	45,819
Deferred tax	40,949	-
	<u>664,189</u>	<u>767,567</u>

All amounts are due within one period. The amounts due from parent and other group undertakings are non-interest bearing.

The deferred tax asset relates to excess depreciation over capital allowances of £40,949.

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	As at 17 September 2005 £	As at 18 September 2004 £
Bank loans and overdrafts	-	26,926
Amounts due to parent undertaking	66,529	-
Amounts due to other group undertakings	967,005	121,246
Hire purchase and finance leases	2,104	3,156
Trade creditors	254,399	363,685
Social security and other taxes	14,978	6,319
Corporation tax	-	30,184
Other creditors	11,353	21,042
Accruals and deferred income	207,602	127,258
	<u>1,523,970</u>	<u>699,816</u>

Obligations under finance leases are secured on the related assets.

Included in Accruals and deferred income is an amount £764 (2004 - £2,853) in respect of outstanding pension contributions.

The amount owed to other group undertakings is subject to interest. The amounts owed to the parent undertaking is non-interest bearing.

# ZEST FOODS LIMITED

## NOTES TO THE ACCOUNTS Period ended 17 September 2005

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE PERIOD

	As at 17 September 2005 £	As at 18 September 2004 £
Loan from parent undertaking	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

The loan from the parent undertaking is non-interest bearing and has no set date for repayment.

Hire purchase and finance leases are repayable within one year.

### 13. OPERATING LEASE COMMITMENTS

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

	As at 17 September 2005		As at 18 September 2004	
	Property £	Plant and Equipment £	Property £	Plant and Equipment £
<b>Expiring:</b>				
- within one period	-	10,857	-	-
- between one and two periods	-	-	-	-
- between two and five periods	61,000	27,143	61,000	-
- in more than five periods	-	-	-	-
	<u>61,000</u>	<u>38,000</u>	<u>61,000</u>	<u>-</u>

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	52 Weeks ended 17 September 2005 £	37 Weeks ended 18 September 2004 £
<b>Deferred taxation</b>		
Balance at the start of the period	49,571	40,981
(Credited)/Charged to the profit and loss account in the period	(90,520)	8,590
Balance at the end of the period	<u>(40,949)</u>	<u>49,571</u>

The deferred tax asset for 2005 represents the excess of depreciation over capital allowances at 17 September 2005 (see note 10). The provision for 2004 represents the full potential liability for deferred tax on accelerated capital allowances.



## ZEST FOODS LIMITED

### NOTES TO THE ACCOUNTS Period ended 17 September 2005

#### 15. CALLED UP SHARE CAPITAL

	As at 17 September 2005 £	As at 18 September 2004 £
<b>Authorised:</b>		
2 'A' ordinary shares of £1 each	2	2
98 'B' ordinary shares of £1 each	98	98
	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid:</b>		
1 'A' ordinary share of £1 each	1	1
76 'B' ordinary shares of £1 each	76	76
	<u>77</u>	<u>77</u>

In the event of a new share issue, 'A' shareholders may purchase shares in line with current percentage holdings whereas 'B' shareholders may not.

#### 16. CAPITAL COMMITMENTS

The company had no capital commitments as at 17 September 2005 (2004 – £89,744).

#### 17. PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company is a subsidiary undertaking of G. Costa and Company Limited. The ultimate holding company and controlling party as defined by FRS 8 is Wittington Investments Limited, which is incorporated in Great Britain registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, 10 Grosvenor Street London W1K 4QY.

In accordance with the provisions of Financial Reporting Standard No.8, the company has not disclosed details of transactions with group undertakings since the consolidated financial statements of Wittington Investments Limited, in which the company is included, are publicly available at 10 Grosvenor Street London W1K 4QY.