

Company Registration No. 2454068

ZEST FOODS LIMITED

Report and Financial Statements

16 September 2006



ZEST FOODS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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ZEST FOODS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T J Barlow
P M Wildman
A Mayhew
S Straub

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 16 September 2006. Comparatives are provided for the 52 week period to 17 September 2005.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

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 16 September 2006 (2005 –£nil).

DIRECTORS AND THEIR INTERESTS

At 16 September 2006 the directors had no beneficial interests in the share capital of the company (2005 – £nil).

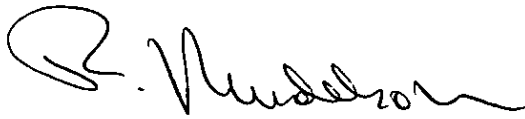
DISCLOSURE OF INFORMATION

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

11 July 2007

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 of Zest Foods Limited for the year ended 16 September 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 16 September 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12 July 2007

ZEST FOODS LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 16 September 2006

	Note	52 weeks ended 16 September 2006 £	52 weeks ended 17 September 2005 £
TURNOVER	2	-	4,024,528
Cost of sales		-	(3,899,287)
GROSS PROFIT		-	125,241
Distribution costs		-	(433,683)
Administrative expenses		-	(280,923)
Impairment of Fixed Assets	8	-	(298,345)
OPERATING LOSS	3	-	(887,710)
Interest payable and similar charges	6	(38,730)	(35,495)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(38,730)	(923,205)
Tax on loss on ordinary activities	7	(17,400)	76,516
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(56,130)	(846,689)

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 loss and historical cost loss 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

16 September 2006

	Note	As at 16 September 2006 £	As at 17 September 2005 £
FIXED ASSETS			
Tangible assets	8	-	424,835
CURRENT ASSETS			
Stocks	9	-	517,532
Debtors	10	56,216	664,189
Cash at bank and in hand		-	29,760
		56,216	1,211,481
CREDITORS: amounts falling due within one period	11	-	(1,523,970)
NET CURRENT (LIABILITIES)/ASSETS		56,216	(312,489)
TOTAL ASSETS LESS CURRENT LIABILITIES		56,216	112,346
CREDITORS: amounts falling due after more than one period	12	(200,000)	(200,000)
NET LIABILITIES		<u>(143,784)</u>	<u>(87,654)</u>
CAPITAL AND RESERVES			
Called up share capital	16	77	77
Profit and loss account	13	(143,861)	(87,731)
EQUITY SHAREHOLDERS' DEFICIT		<u>(143,784)</u>	<u>(87,654)</u>

These financial statements were approved by the Board of Directors on 11th July 2007

Signed on behalf of the Board of Directors



A Mayhew
Director



S Straub
Director

ZEST FOODS LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Period ended 16 September 2006

	52 weeks ended 16 September 2006 £	52 weeks ended 17 September 2005 £
Loss attributable to shareholders for the period	(56,130)	(846,689)
Net decrease in shareholders' funds	(56,130)	(846,689)
Opening shareholders' deficit	(87,654)	759,035
Closing shareholders' deficit	<u>(143,784)</u>	<u>(87,654)</u>

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS Period ended 16 September 2006

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 16 September 2006.

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 16 September 2006

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 prior 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 16 September 2006 £	52 weeks ended 17 September 2005 £
The operating loss is stated after charging the following		
Depreciation		
- owned assets	-	115,507
- assets purchased under hire purchase contracts	-	3,154
- impairment of Fixed Assets	-	298,345
Operating lease rentals – plant and equipment	-	6,933
– land and buildings	-	61,000
Auditors' remuneration	-	4,550

The audit fee for the company for the year has been borne by G Costa and Company Limited.

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS Period ended 16 September 2006

4. STAFF COSTS

	52 weeks ended 16 September 2006 £	52 weeks ended 17 September 2005 £
Staff costs comprise		
Wages and salaries	-	1,117,223
Social security costs	-	85,311
Pension costs	-	15,606
	<u>-</u>	<u>1,218,140</u>
	<u>-</u>	<u>1,218,140</u>
The average monthly number of employees during the period was	No.	No.
Administration	-	6
Manufacturing	-	38
Distribution	-	6
	<u>-</u>	<u>50</u>
	<u>-</u>	<u>50</u>

5 DIRECTORS' REMUNERATION

The directors receive their emoluments from group companies G Costa and Company 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 16 September 2006 £	52 weeks ended 17 September 2005 £
Intercompany interest	38,730	34,915
Hire purchase interest	-	580
	<u>38,730</u>	<u>35,495</u>
	<u>38,730</u>	<u>35,495</u>

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS Period ended 16 September 2006

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge on ordinary activities

	52 weeks ended 16 September 2006 £	52 weeks ended 17 September 2005 £
Corporation tax		
- current period	(11,619)	(185,882)
- adjustment in respect of prior periods	17,400	14,004
	<u>17,400</u>	<u>(171,878)</u>
Group relief	11,619	185,882
	<u>17,400</u>	<u>14,004</u>
Deferred tax		
- timing differences	-	(90,520)
	<u>17,400</u>	<u>(76,516)</u>

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 16 September 2006 £	52 weeks ended 17 September 2005 £
Loss on ordinary activities before tax	(38,730)	(923,205)
Tax at 30% thereon	(11,619)	(276,962)
Effects of		
Expenses not deductible for tax purposes	-	560
Depreciation greater than capital allowances	-	1,016
Impairment of Fixed Assets	-	89,504
Group relief	11,619	185,882
Adjustments in respect of prior periods	17,400	14,004
	<u>17,400</u>	<u>14,004</u>

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 16 September 2006

8 TANGIBLE FIXED ASSETS

	Porta Cabins £	Improvements to property £	Plant and machinery £	Computer Equipment £	Total £
Cost					
At 17 September 2005	5,283	373,648	848,441	36,794	1,264,166
Additions	-	-	-	-	-
Transfers - Intercompany	(5,283)	(373,648)	(848,441)	(36,794)	(1,264,166)
At 16 September 2006	-	-	-	-	-
Depreciation					
At 17 September 2005	5,283	139,301	665,848	28,899	839,331
Charge for the period	-	-	-	-	-
Transfers – Intercompany	(5,283)	(139,301)	(665,848)	(28,899)	(839,331)
Impairment losses	-	-	-	-	-
At 16 September 2006	-	-	-	-	-
Net book value					
At 16 September 2006	-	-	-	-	-
At 17 September 2005	-	234,347	182,593	7,895	424,835

9 STOCKS

	As at 16 September 2006 £	As at 17 September 2005 £
Raw materials and consumables	-	470,294
Finished goods and goods for resale	-	47,238
	-	517,532

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

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS Period ended 16 September 2006

10 DEBTORS

	As at 16 September 2006 £	As at 17 September 2005 £
Trade debtors	-	296,120
Amounts due from parent undertaking	56,216	165,177
Amounts due from other group undertakings	-	39,823
Other debtors	-	103,462
Prepayments and accrued income	-	18,658
Deferred tax	-	40,949
	<u>56,216</u>	<u>664,189</u>

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	As at 16 September 2006 £	As at 17 September 2005 £
Amounts due to parent undertaking	-	66,529
Amounts due to other group undertakings	-	967,005
Hire purchase and finance leases	-	2,104
Trade creditors	-	254,399
Social security and other taxes	-	14,978
Corporation tax	-	-
Other creditors	-	11,353
Accruals and deferred income	-	207,602
	<u>-</u>	<u>1,523,970</u>

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

	As at 16 September 2006 £	As at 17 September 2005 £
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.

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS Period ended 16 September 2006

13 STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £
Balance at 17 September 2005	(87,731)
Loss for the period	(56,130)
Balance at 16 September 2006	<u>(143,861)</u>

14 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	As at 16 September 2006		As at 17 September 2005	
	Property £	Plant and Equipment £	Property £	Plant and Equipment £
Expiring:				
- within one period	-	-	-	10,857
- between one and two periods	-	-	-	-
- between two and five periods	-	-	61,000	27,143
- in more than five periods	-	-	-	-
	<u>-</u>	<u>-</u>	<u>61,000</u>	<u>38,000</u>

15. DEFERRED TAX

	52 Weeks ended 16 September 2006 £	52 Weeks ended 17 September 2005 £
Deferred taxation		
Balance at the start of the period	40,949	(49,571)
(Credited) to the profit and loss account in the period	-	90,520
Transferred to parent company	(40,949)	-
Balance at the end of the period	<u>-</u>	<u>40,949</u>

The deferred tax asset was transferred to G Costa and Company Limited on 18 September 2005. The provision represents the excess of depreciation over capital allowances.

ZEST FOODS LIMITED

NOTES TO THE ACCOUNTS

Period ended 16 September 2006

16. CALLED UP SHARE CAPITAL

	As at 16 September 2006 £	As at 17 September 2005 £
Authorised:		
2 'A' ordinary shares of £1 each	2	2
98 'B' ordinary shares of £1 each	98	98
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
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

17. CAPITAL COMMITMENTS

The company had no capital commitments as at 16 September 2006 (2005 – £nil)

18. 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.

19. SIGNIFICANT EVENTS SINCE THE YEAR END

On the 21 March 2007, it was announced that the corporation tax rate is to decrease from 30% to 28%, effective from 1 April 2008. The new tax rate will be substantively enacted when the Bill for the 2007 Finance Act is passed later this year.