

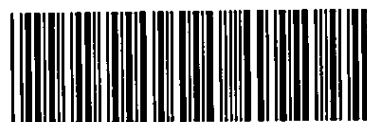
Corinth Meat Limited

**Directors' report and financial
statements**

Registered number 3117717

31 May 2006

TUESDAY



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2006

Business Review

The company imported and exported meat as part of the St Merryn Meat Group meat wholesaling activities and ceased trading in July 2005

Proposed dividend and transfer to reserves

The profit and loss account on page 5 shows a profit after tax for the year of £22,000 (*2005 profit £458,000*). During the year an interim dividend of £2,000,000 (*2005 £nil*) was paid. The directors recommend that no final dividend be paid (*2005 £nil*).

Directors and directors' interests

The directors who held office during the period were as follows

A J Duncan
D J Salkeld (resigned 13 September 2005)
I M Imray
G S Mackie (resigned 9 August 2005)

None of the directors who held office at the end of the financial period had any interests in the shares of the company. Mr Duncan and Mr Imray are directors of the company's ultimate holding company and their interests in the shares of that company are shown in its directors' report.

All directors benefit from qualifying third party indemnity insurance cover which continued in place during the financial year and at the date of this report.

Employee involvement

It is the company's policy that management should consult regularly with employees on matters which affect their employment and that their views should be taken into account when decisions are taken which will affect their interests.

Employment of disabled persons

The company employs disabled persons who are able to fulfil the required duties and such disabled persons share the same opportunities for training and career progression as other employees.

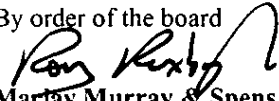
Disclosure of information to auditors

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 they ought to have taken as a director of the Company to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint auditors annually and KPMG LLP will therefore continue in office

By order of the board


MacLay Murray & Spens LLP
Secretaries

Malton Bacon Factory
Hugden Way
Norton Grove Industrial Estate
Malton
North Yorkshire
YO17 9HG

29 May 2007

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK GAAP).

The financial statements are required by law to 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 these 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of Corinth Meat Limited

We have audited the financial statements of Corinth Meat Limited for the year ended 31 May 2006 which comprise the Profit and Loss Account, the Balance Sheet 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 Directors' report and 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

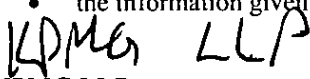
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit 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 LLP

Chartered Accountants
Registered Auditor

30 May 2007

Profit and loss account
for the year ended 31 May 2006

	<i>Note</i>	2006 £000	2005 £000
Turnover	2	706	8,482
Change in stocks of finished goods and goods for resale		(404)	71
Raw materials and consumables		(244)	(7,700)
Staff costs	5	-	(25)
Other operating charges		(23)	(197)
		(671)	(7,851)
Operating profit		35	631
Interest receivable and similar income	6	3	28
Interest payable and similar charges	7	-	(5)
Profit on ordinary activities before taxation	3	38	654
Taxation on profit on ordinary activities	8	(16)	(196)
Profit on ordinary activities after taxation being profit for the financial year	14	22	458

All figures relate to discontinuing operations

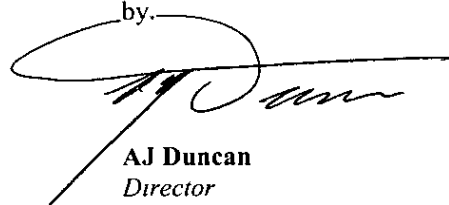
A statement of movement in reserves is given in note 14

The company had no other recognised gains or losses other than the results for the financial year

Balance sheet
as at 31 May 2006

	<i>Note</i>	2006	2005
		£000	£000
Current assets			
Stocks	10	-	404
Debtors	11	183	881
Cash at bank and in hand		387	1,481
		<hr/>	<hr/>
		570	2,766
Creditors amounts falling due within one year	12	(23)	(241)
		<hr/>	<hr/>
Net assets		547	2,525
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	547	2,525
		<hr/>	<hr/>
Shareholders' funds	15	547	2,525
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 May 2007 and were signed on its behalf by.


AJ Duncan
 Director


IM Imray
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention

The financial statements have been prepared for the 52 week trading period ended 27 May 2006

The company is exempt from the requirements of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a cash flow statement in accordance with the provisions of the Standard

As the company is a wholly owned subsidiary of Grampian Country Food Group Limited, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is defined as average invoice cost of production including attributable overheads. Net realisable value is taken as estimated sales proceeds less selling costs

Taxation

The charge for taxation is based on the results for the year and takes into account deferred tax. Deferred tax is recognised, with discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

2 Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. The turnover is attributable mainly to one activity, that of meat wholesaling, and is derived mainly in the United Kingdom

3 Profit on ordinary activities before taxation

	2006	2005
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging</i>		

Auditors' remuneration		
Audit	3	5

Net loss on foreign currency translation	-	10
	-	10

Notes (continued)

4 Remuneration of directors

The directors' aggregate emoluments in respect of qualifying services were

	2006 £000	2005 £000
Directors Emoluments	-	21

The aggregate emoluments of the directors of the company who are also directors of the ultimate holding company are disclosed in the financial statements of that company. These directors include the highest paid director whose emoluments are separately disclosed in the financial statements of that company. The aggregate emoluments of one director are disclosed in the financial statements of Grampian Country Pork (Buckie) Limited.

5 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the period, analysed by category, was as follows

	Number of employees 2006	2005
Management	-	1

The aggregate payroll costs of these persons were as follows

	2006 £000	2005 £000
Wages and salaries	-	22
Social security costs	-	3
	-	25

6 Interest receivable and similar income

	2006 £000	2005 £000
Other interest receivable	3	28

7 Interest payable and similar charges

	2006 £000	2005 £000
Other interest payable	-	5

Notes (continued)

8 Taxation

	2006	2005
	£000	£000
Analysis of charge in year		
<i>Current tax</i>		
UK corporation tax on profit for the year	-	11
Group relief	14	190
Adjustment in respect of previous year	1	
	<u>15</u>	<u>201</u>
<i>Deferred tax</i>		
Timing differences between accounting and tax treatment	1	(5)
	<u>16</u>	<u>196</u>

Factors affecting current tax charge for the year

The tax charge for the year is higher (2005 higher) than that obtained by applying the standard rate of corporation tax in the UK (30%) to the profit before tax. The differences are explained below.

	2006	2005
	£000	£000
Profit on ordinary activities before taxation	38	654
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	11	196
<i>Effects of</i>		
Expenses not deductible for tax purposes	3	1
Other timing differences	-	4
Adjustments in respect of prior year	1	-
	<u>15</u>	<u>201</u>

Current tax charge for the year (see above)

Notes (continued)

9 Dividends

	2006 £000	2005 £000
Interim dividend paid on equity shares	2,000	-

10 Stocks

	2006 £000	2005 £000
Finished goods and goods for resale	-	404

11 Debtors

	2006 £000	2005 £000
Trade debtors	-	658
Other debtors	-	1
Prepayments and accrued income	-	67
Amounts owed to group undertakings	179	150
Deferred tax (see below)	4	5

183	881
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Deferred taxation

	2006 £000	2005 £000
At beginning of year	(5)	-
Charge (credit) to profit and loss account	1	(5)
At end of year	(4)	(5)

The elements of deferred taxation are as follows

	2006 £000	2005 £000
Difference between accumulated depreciation and capital allowances	(4)	-
Other timing differences	-	(5)
Discounted asset (see above)	(4)	(5)

Notes (continued)

12 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	-	17
Amounts owed to group undertakings	-	189
Corporation tax	23	11
Other taxation and social security	-	1
Accruals and deferred income	-	23
	<u>23</u>	<u>241</u>

13 Called up equity share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

14 Profit and loss account

	2006 £000	2005 £000
At beginning of year	2,525	2,067
Profit for the financial year	22	458
Dividends paid	(2,000)	-
	<u>547</u>	<u>2,525</u>

15 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Profit for the financial year being net addition to shareholders' funds	22	458
Dividends paid on shares classed as shareholders' funds	(2,000)	-
	<u>(1,978)</u>	<u>458</u>
Net (reduction in) addition to shareholders funds	(1,978)	458
At beginning of year	2,525	2,067
	<u>547</u>	<u>2,525</u>

16 Contingent liabilities

The company has granted to, and received from Grampian Food Group Limited and all its other trading subsidiaries, unlimited cross guarantees which are covered by floating charges and standard securities amounting to £311,219,000 (2005 £281,178,000) secured in the first instance against the assets of the borrowing company

Notes *(continued)*

17 Ultimate parent company

Corinth Meat Limited is a wholly owned subsidiary of St Merryn Meat Limited, a company registered in England and Wales

The largest group in which the results of the company are consolidated is that headed by Grampian Country Food Group Limited. The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 37 Castle Terrace, Edinburgh

18 Post balance sheet event

Subsequent to the year end the company entered into an agreement, along with other group companies, relating to the group's final salary pension schemes. Under the terms of this agreement the company granted guarantees which are unsecured and rank behind all ordinary creditors. The directors do not believe that this guarantee will be called in the normal course of trading. Further details relating to the agreement are given in the accounts of the ultimate holding company