Parent Company Accounts of
3270572 - Pygar Europe Ltd

Fletcher Bay Investment Company Limited

Directors' report and financial statements

Registered number: 07081161

31 December 2012

Contents

Group information

Directors

M R Mountford (Chairman)
A J Barnes
B L Gooding
D J Gray
A S King
A L Olins
L S Olins
G F Wensley

Registered number

07081161

Registered office

Level 5
9 Hatton Street
London
NW8 8PL

Independent auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
UB8 1EX

Bankers

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities

Fletcher Bay Investment Company Limited is the holding company for the Fletcher Bay Investment Company Limited group ("the Group") The Group's activities during the year were focused on the food sector and principally concern the processing, manufacture, supply and marketing of meat, poultry, fresh fruit and produce and animal by-products Details of the principal operating subsidiaries are set out in Note 12

Business review

Group strategy

The Group operates largely in the UK with some operations in New Zealand and Western Europe The markets in which the Group operates are competitive in terms of pricing from fellow suppliers and the consumer environment in general Despite this, the Company has a record of increasing sales and profits through a combination of capital investment and developing a range of quality products that create value for customers The Group is under the control of a stable and experienced management team supported by a skilled workforce

The Group has a clear and consistent strategy to deliver earnings growth despite the weak economic backdrop The Group's strategy is to improve its growth and returns to shareholders through identifying and exploiting the most attractive markets within the Group and by increasing the level of influence it has over its product offers The Group aims to continue to develop its businesses in the fruit and produce, meat, poultry and by-products industries and to take sustainable market leading positions within those markets that offer potential for future profitable growth This will be achieved by gaining market share with existing customers through product category development and customer expansion strategies, and by the acquisition of new customers The Group seeks to establish long-term relationships with suppliers through a shared understanding of the marketplace The Group invests, together with its major suppliers in developing new varieties for its fruit and produce businesses

There is a constant focus on profit margin improvement through the tight control of all operating costs including the monitoring of factory and logistics efficiencies and the maximisation of purchasing benefits More efficient and profitable ways to process food and to employ technology and expertise in other areas are always being sought and implemented

Cash generation remains a key priority with close attention on managing working capital levels and ensuring that capital investment is deployed to maximise the delivery of future financial returns

The Group is committed to building on its already strong financial position and driving improved returns on capital invested to date to deliver enhanced shareholder value and a sustainable distribution policy in future years

The Group recognises that these strategic objectives can best be achieved through developing the capabilities and talents of its employees Recruiting the best people, ensuring quality training programmes are in place to reinforce a culture of continuous learning, delivering opportunities for personal growth and focusing on a performance reward culture are all critical parts of the Group s human resource strategy

Group trading

Despite the challenging economic conditions in many of the markets throughout 2012 turnover generated by the Group increased to £483 2 million (2011 £479 5 million), which represents an increase of 1 0% Although the UK economy has remained subdued with consumers reluctant to spend on expensive goods, spending in the food retail and eating out markets has been maintained Segments such as the informal eating out market have grown reflecting the increasing value offered in this market and enabling the Group to deliver value growth throughout the year

Following a testing 2011, Group operating profit from continuing operations has increased to £11 0 million in 2012 (2011 £8 5 million) This represents a return to historic norms and has been driven by improved overhead recovery across the business through volume sale increases and efficiencies as a result of capital investment

Net cash inflow from operations was £18 1 million (2011 £7 6 million) Net assets increased to £19 4 million at the end of 2012 (2011 £13 0 million) and net debt was £13 0 million (2011 £23 6 million) This increase in cash generation can be attributed to an uncharacteristic year end working capital level caused by low stockholding policy Some of this benefit will reverse during 2013 as increased investment in working capital and fixed assets is required around the Group to support the Group's growth strategy

Directors' report (continued)

Fruit and produce trading

Turnover in the Poupart Group fruit and produce business units has decreased by 0 3% in 2012 to £294 6 million

The fruit divisions traded well despite the competitive environment, with price pressure coming from supermarkets seeking to insulate customers from the full impact of food inflation Although this has impacted Berryworld and Norton Folgate, Poupart Imports returned good revenue growth in the year due to a strong performance across most of its product categories within the wholesale trade The fruit divisions continue to work with suppliers to increase the availability of produce, to extend seasons and to introduce new varieties to the UK market Nevertheless, adverse climatic conditions in many of the Group's supply regions throughout the year and increased global competition for such crops restricted fruit availability Through attention to detail and procurement expertise, the Group was able to substantially fulfill customer programmes and preserve margins in line with the previous year

Meat, poultry and by-products trading

Turnover in the meat and by-products businesses increased in 2012 by 2 5% to £188 6 million

Although there has been relative price stability in the cost of meat compared to 2011, the performance of the Group's meat and poultry businesses continued to be affected by meat inflation By continuing to provide excellent service, quality and value, Fairfax Meadow has retained its leading position within the catering meat market in 2012 and won a number of new contracts in the year It is also seeing the benefits of significant capital expenditure, in particular the development of and investment in its own manufactured burgers and sausages The market segment within which Fairfax Meadow operates represents a long-term growth opportunity for the Group as it is performing ahead of the overall eating out market growth rate Fairfax Meadow is well placed to realise this growth as its innovative menu development capacity assists customers in delivering price and mix improvements to help offset annual cost inflation

A combination of a decrease in the cost of lamb as well as improved overhead recovery enabled Tendercut Meats to reach break-even Nevertheless, the frozen meat market continues to be difficult owing to the reduction in demand across the customer base as the price of fresh lamb and other proteins compares favourably with other frozen meat

The New Zealand leather tanning business has experienced a decrease in sales and margins as a result of a change in the sales mix, which has moved towards a higher proportion of lower value leather sales, reflecting reluctance by European customers to place orders Additional challenges have arisen due to Chinese demand switching from traditional black leather to coloured leather

Performance management

Annual budgets and longer-term financial plans are developed by the directors to target improved business performance The directors review the performance of all business units through comprehensive monthly business reviews, comparing actual results against budget expectations and prior year achievements All results are challenged to ensure performance is maximised Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels In addition other key performance indicators monitored by the directors are as follows

Measure	2012	2011	Performance
EbITDA growth, this measure shows the underlying trend and performance of the business	20 7%	(17 6)%*	The Group made progress in the year following a decline in 2011 owing to the impact of inflation on meat commodity costs
Return on capital employed, this ratio is a relative profit measurement that demonstrates the return the business is generating from its gross assets	32 6%	20 7%	ROCE improved by 11 9 percentage points reflecting improved profitability and lower amounts invested in working capital, particularly meat stocks Some of this benefit is expected to reverse in 2013

Directors' report (continued)

Capital expenditure as a percentage of operating profit, this ratio shows investment in equipment and property relative to operating profit	29 5%	8 6%	The Group increased its rate of capital investment, focusing on projects with high returns that will bring future efficiencies and reduce maintenance expenses
Operating cash flow as a percentage of current liabilities, this ratio measures the Group s ability to repay its current liabilities	29 5%	15 2%	The Group's short-term liquidity has improved as its operations have generated greater resources with which to repay its short-term commitments
Net indebtedness, this ratio shows net debt in relation to EbITDA	0 9x	2 1x	Net indebtedness reduced in the year, reflecting working capital improvement and improved profitability
Gearing, this ratio shows the proportion of total assets financed through debt rather than equity and is calculated as total debt divided by total assets	21 5%	29 7%	The Group s gearing continued to decrease, reflecting a lower debt position despite higher investment in capital projects
Interest coverage this ratio shows the ease with which interest payments can be met and is calculated as EBIT divided by net interest payable (adjusted for FRS17 pension adjustment)	7 6x	5 2x	The Group s ability to meet its interest obligations has improved, reflecting reduced interest charges and higher earnings The Group's target is a level of cover above 4 0 times

*2010 based on annualised EbITDA from continuing operations

Cash flow, capital expenditure and borrowings

The Group continues to generate cash and operates from a strong financial position, which allows the Group to continue to invest in its operations while continuing to reduce its net debt The Group delivered EbITDA of £13 8 million, an increase of 19 8% on last year Net cash flow from operating activities was £18 1 million compared with £7 6 million in 2011 The 2012 cash flow benefited from improved working capital caused by a lower stockholding policy, which will reverse to some extent in 2013 After investing in the business infrastructure, paying interest and tax, the Group generated free cash flow of £11 2 million, comfortably ahead of debt service obligations and sufficient to enable a full repayment of preference share capital, thus reducing future fixed finance costs

The Group spent £3 2 million on capital projects, including maintenance capital, compared to £0 7 million in the previous year This increase in expenditure was in line with the Group's plans to continue to grow the business and reinvest to deliver operational efficiencies In the meat sector, the Group continues to drive better returns from its sites through selective investment in operating processes During the year the Group invested £1 3 million in its New Zealand tanning operation, establishing a hides' fellmongery to serve the needs of its primary suppliers This investment reflects the Group's strategy to develop sustainable long-term relationships with its key suppliers and will reduce the dependency of the tanning operation on the deer leather market Going forward it is expected that the level of core capital expenditure will continue at the same level, focused on improving returns through operational efficiency

Cash and cash equivalents totalled £7 5 million at the year end (2011 £3 1 million) Borrowings were £20 4 million at the year end compared with £26 7 million in 2011 The Group had total committed banking facilities amounting to £42 1 million at the year end, of which £13 8 million was drawn The Group was well within its borrowing facilities at the year end and throughout the year The Group's overall credit metrics remain strong with interest cover at 7 6x

Results and dividends

The consolidated profit and loss account is on page 12 The profit for the financial year attributable to equity shareholders amounted to £6,663,000 (2011 £4,781,000) The directors do not propose to pay a dividend in respect of ordinary shares for the year (2011 £nil)

Directors' report (continued)

Outlook for 2013

The Group continues to trade in a difficult economic and market environment with most of its turnover generated in the UK This challenging environment looks certain to continue for the foreseeable future with the UK economy forecasted to continue at low levels of GDP growth during 2013 Further food price inflation and other cost increases, coupled with a continued tightness in consumer incomes, is likely to impact future results and could lead to reduced profitability Increases in the cost of raw materials as a result of growth in global demand plus uncertainty of supply in producing nations can have a significant impact on the cost base, consequently impacting margins Consumers continue to be challenged by pressure on disposable income, thus further squeezing margins In order to overcome these challenges, all businesses within the Group remain competitively well positioned and cash generative The Group will continue to focus on protecting and improving its market positioning and developing product ranges to underwrite the delivery of future sales and profit growth The Group has a strong balance sheet and sufficient committed borrowing facilities to enable it to continue to invest in capital equipment and other development opportunities outlined in its strategic plans Although it is likely that there will be a reduction in the return on capital in 2013 as a result of the Group's investments plans, there continues to be opportunities to drive returns over the next few years by enabling customers to improve their offer to consumers

Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's long-term performance and cause actual results to differ materially from expected and historical results The Group operates in an environment that is continually changing and, as a result, the risks it faces will also change over time The assessment of risks and the development of strategies for overcoming these risks are achieved on an ongoing basis through the way in which the Group is controlled and managed The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls that adequately mitigate these risks The directors have identified the following principal risks and uncertainties that could have the most significant impact on the Group's value generation

Risk area	Nature of risk and possible repercussion	Mitigation
Operational risk		
State of the economy	The deterioration of the economies in which the Group operates may adversely impact sales or sales mix and, ultimately, lower profitability and cash flow	Although the Group cannot directly influence the general economic conditions or consumer spending, the range of products across the Group offers affordable choice to most socio-economic groups thus covering any changes to consumer and market trends The Group's operational capability enables us to adapt quickly to changing consumer trends
Competitive environment and customer risk	There is strong competition within all segments in which the Group operates The loss of all or part of the Group's business with one or more of its major customers would adversely impact the Group's results	The Group manages the risk of operating in a competitive sector by maintaining strong customer relationships Delivering high levels of service and quality supports this process The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development
Food Safety	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines	All sites operate food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety All food products are made to the highest standards regardless of where they are manufactured and food safety is always prioritised over economic considerations

Directors' report (continued)

Price and supply of raw materials	The price and supply of raw materials is largely influenced by the environment in which the product originates Changes in price would impact the core profitability of the Company's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers	The Company will aim to pass on increased costs to its customers as far as is reasonable in the circumstances while maintaining its tight control of overhead costs to mitigate the impact on consumers The Company maintains a high level of expertise in its buying teams, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers The teams also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices
Quality of raw materials	The Group could be negatively impacted should it be supplied with raw materials which do not meet the Group's high standards	The Group continues to work closely with its suppliers to certify that the raw materials sourced are of the highest quality The Group ensures traceability of its product in order to monitor the quality and derivation of its raw materials
Business continuity	The Group operates from several sites the loss of which, for example as a result of fire would present significant operational difficulties	The Group s operations have business continuity plans in place to manage the impact of such an event should it occur and Group insurance programmes to mitigate the financial consequences
[illegible]		
Interest rates and currency	The Group borrows funds to finance working capital and capital investment Such borrowings are in the form of bank loans and vary considerably throughout the year Such borrowings have variable interest rates based upon banks' base rates and interest risks are therefore subject to fluctuations in such rates The Group is exposed to foreign currency risk on purchases for imported materials	Interest rate and foreign currency risks are managed using effective hedging policies The Group hedges interest rate exposures on fixed term debt by the use of interest rate swaps on a proportion of fixed term borrowings
Credit	A large proportion of sales are made on credit terms The Group is exposed to counter party credit risk when dealing with customers and from certain financing activities Granting of credit to inappropriate parties or failure to collect debts on a timely basis could leave the group exposed to losses	The Group maintains strong relationships with each of its key customers and has established credit control parameters Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored by each business Aggregate exposures are monitored at board level and where appropriate limits are set for higher risk counterparties In addition the Group maintains credit insurance where necessary
Liquidity	The Group needs access to funding for current business and future growth	The Group has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities Banks are selected for their credit status global reach and ability to meet the businesses' day-to-day banking requirements All term debt is managed centrally and appropriate headroom is maintained
Human Resources		
People	The Group is dependant on continuing to attract retain develop and motivate the best people with the right capabilities at all levels in the organisation	The Group mitigates the risk associated with loss of key personnel through succession planning strong recruitment processes effective incentives and retention initiatives and ongoing training and development
Workplace health and safety	A breach of health and safety regulations would leave the Group exposed to reputational damage and regulatory penalties	A dedicated Group health and safety advisor supported by site based coordinators proactively monitors, manages and improves performance Operating team members receive training to industry approved standards Regular reports on performance against KPIs are issued to site management and the Group Board

Directors' report (continued)

Corporate social responsibility

The Group takes its ethical responsibilities to employees, customers, shareholders, suppliers and the environment very seriously The Group recognises that a balanced and committed approach to all aspects of corporate social responsibility will bring benefits to each of the Group's stakeholders and will strengthen its business position and credentials to facilitate future sustainable growth and development The Group's organisational structure is highly decentralised and so the responsibility for managing environmental, social and ethical issues rests with the management of each business unit whilst complying with the minimum overriding principles established by the Group These overriding principles concern the need to maintain a reputation for the highest standards of ethical business practice and conduct at all times, the appropriate treatment and development of employees, the fostering of business relationships with customers and suppliers and the impact of the Group on the communities and environments in which it operates By following these principles, all companies within the Group and its employees will be compliant with local laws, cultures and best practice

Environmental policy

The Group regards compliance with relevant environmental laws and the adoption of responsible standards as integral parts of its business operations It is also committed to introducing measures to limit any adverse effects its business may have on the environment and will promote continuous improvement in accordance with the best available techniques This includes the aim to reduce emissions and energy consumption created during logistics and production activities plus eliminating waste and excess packaging where possible

Ethical business practice and conduct

Competition – the Group is committed to free and fair competition and will compete strongly but honestly whilst complying with all local competition laws

Bribery – the Group will not condone the offering or receiving of bribes or other such facilitating payments to any person or entity for the purpose of obtaining or retaining business or influencing political decisions

Political donations – the Group does not permit financial donations to political parties and in accordance with this policy none were made in either 2011 or 2012

Confidentiality and accuracy of information – the confidentiality of information received in the course of business is always respected and will never be used for personal gain False information will not be given in the course of commercial negotiations

Conflict of interest – any personal interest that may prejudice, or might reasonably be deemed by others to prejudice, the impartiality of employees must be formally declared to a senior manager Examples of this include owning shares in business partners and personal or family involvement in trading contracts

Business gifts and hospitality – gifts, other than items of small intrinsic value, are not accepted Employees who receive hospitality must not allow themselves to reach a position whereby they might be deemed by others to have been influenced in making a business decision as a consequence However, giving and receiving reasonable business-related products, marketing materials and entertainment is permitted

Employees

Equal opportunities – the Group is committed to offering equal opportunities to all people in their recruitment, training and career development, having regard to their particular aptitudes and abilities Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Group an opportunity for retraining

Health and safety – health and safety is of the highest importance throughout the Group

Harassment – a zero tolerance policy exists towards sexual, physical or mental harassment in the workplace It is expected that incidents of harassment be reported to the appropriate human resources manager

Communication – all employees and their representatives are briefed on all relevant matters on a regular basis

Directors' report (continued)

Security – the security of all staff and customers is paramount and the Group at all times takes the necessary steps to minimise risks to their safety

Customer relationships

All Group companies seek to be honest and fair in all relationships with customers and to provide the standards of product and service that have been agreed whilst always offering value for money The safety and quality of products and services provided is always of paramount importance

Supplier relationships

The Company believes that integrity and trust in its dealings with its suppliers are essential to building long term supply relationships that will ultimately benefit its products The Group's expectations and requirements are articulated to its suppliers prior to supply All Group companies carry out their business honestly, ethically and with respect for the rights and interest of all their suppliers The Group does not have a formal policy with regard to payment to suppliers Bills are settled in accordance with agreed payment terms and there is ongoing co-operation with suppliers to improve quality and efficiency All Group companies aim to develop relationships with suppliers that are consistent with the highest ethical business practices and specifically with respect to human rights and conditions of employment

Local communities

All Group companies recognise their responsibilities as members of the communities in which they operate and engage with local communities wherever possible in their areas of operation

Charitable contributions

As part of the Group's commitment to the communities in which it operates, donations amounting to £24,000 (2011 £7,000) were made during the year to several local and national charities

Directors' report (continued)

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were

J R Sclater (Retired 31 December 2012)
M R Mountford (Appointed 1 September 2012)
A J Barnes
B L Gooding (Appointed 1 February 2012)
D J Gray
A S King
A L Olins
L S Olins
G F Wensley

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 Group's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information For these purposes, relevant audit information means information needed by the Group's auditors in connection with preparing their report

Going concern

The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers As a consequence, the directors believe that the Group is well placed to manage its business risk successfully After reviewing the available information, including business plans and making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for the coming year

On behalf of the board

D J Gray
Director

Level 5
9 Hatton Street
London
NW8 8PL
25 April 2013

Statements of directors' responsibilities

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 prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 Group and the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the company s website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report
to the members of Fletcher Bay Investment Company Limited

We have audited the group and parent company financial statements (the "financial statements") of Fletcher Bay Investment Company Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statements of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2012 and of the Group's profit and cash flows for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Wootten (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
25 April 2013

Consolidated profit and loss account

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover group and share of associates		**497,384**	489,955
Less share of associates		**(14,183)**	(10,478)
Group turnover	2	**483,201**	479,477
Cost of sales		**(441,684)**	(438,768)
Gross profit		**41,517**	40,709
Distribution costs		**(7,336)**	(7,371)
Administrative expenses		**(23,303)**	(25,503)
Other operating income		**113**	472
Group operating profit		**10,991**	8,307
Share of associates operating profit		**69**	199
Profit on ordinary activities before interest and taxation		**11,060**	8 506
Interest receivable and similar income	6	**414**	599
Interest payable and similar charges	7	**(1,536)**	(1,193)
Profit on ordinary activities before taxation	3	**9,938**	7 912
Tax on profit on ordinary activities	8	**(2,303)**	(2,188)
Profit on ordinary activities after taxation		**7,635**	5 724
Attributable to			
Equity shareholders of the parent		**6,663**	4 781
Minority interests		**972**	943
Profit for the financial year		**7,635**	5,724

The results for the year are derived wholly from continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 17 to 37 form part of these financial statements

Consolidated statement of total recognised gains and losses

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Profit for the financial year			
Group		**7,627**	5,575
Share of associates		**8**	149
Currency translation difference on foreign currency net investments		**121**	(63)
Actuarial loss relating to the pension schemes	21	**(1,221)**	(2,598)
Deferred tax attributable to actuarial loss	19	**297**	650
Total recognised gains for the year		**6,832**	3,713

The notes on pages 17 to 37 form part of these financial statements

Consolidated balance sheet
as at 31 December 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	10	5,403		6,528	
Tangible assets	11	13,771		11,712	
Investments	12	2,517		1 947	
			21,691		20,187
Current assets					
Stock	13	12,587		17,391	
Debtors	14	53,177		49,361	
Cash at bank and in hand		7,492		3,144	
		73,256		69,896	
Creditors amounts falling due within one year	15	(61,216)		(50,026)	
Net current assets			12,040		19,870
Total assets less current liabilities			33,731		40,057
Creditors. amounts falling due after more than one year	16		(12,705)		(25,858)
Provisions for liabilities and charges	20		(770)		(480)
Net assets excluding pension liability			20,256		13,719
Pension liability	21		(874)		(688)
Net assets including pension liability			19,382		13 031
Capital and reserves					
Called up share capital	22		1,006		1 006
Share premium	23		18		18
Profit and loss account	23		15,488		9 628
Total shareholders' funds					
Equity attributable to equity shareholders of the parent			16,512		10,652
Minority interests	24		2,870		2 379
Capital employed	25		19,382		13 031

The financial statements on pages 12 to 37 were approved by the board of directors on 24 April 2013 and were signed on its behalf by

A J Barnes
Director

Company balance sheet
as at 31 December 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments	12		32,211		32,211
Current assets					
Debtors	14	1,334		1,394	
Cash at bank and in hand		705		-	
		2,039		1,394	
Creditors. amounts falling due within one year	15	(8,714)		(2,791)	
Net current liabilities			(6,675)		(1,397)
Total assets less current liabilities			25,536		30,814
Creditors: amounts falling due after more than one year	16		(8,339)		(20,631)
Net assets			17,197		10,183
Capital and reserves					
Called up share capital	22		1,006		1,006
Share premium	23		18		18
Profit and loss account	23		16,173		9,159
Total shareholders' funds			17,197		10,183

The financial statements on pages 12 to 37 were approved by the board of directors on 24 April 2013 and were signed on its behalf by

A J Barnes
Director

Consolidated cash flow statement

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	26	**18,086**	7,607
Returns on investments and servicing of finance	27	**(1,888)**	(1,939)
Taxation		**(1,327)**	(1,705)
Capital expenditure and financial investment	27	**(3,685)**	(778)
Net inflow before financing		**11,186**	3,185
Financing	27	**(6,838)**	(7,382)
Increase /(decrease) in net cash		**4,348**	(4,197)

Reconciliation of net cash flow to movements in net debt

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Increase/(decrease) in net cash	28	**4,348**	(4,197)
Cash outflow from decrease in debt and lease financing		**6,838**	7,382
Change in net debt resulting from cash flows	28	**11,186**	3,185
Other non cash changes	28	**(546)**	(918)
Movement in net debt		**10,640**	2,267
Net debt at beginning of year	28	**(23,596)**	(25,863)
Net debt at end of year	28	**(12,956)**	(23,596)

The notes on pages 17 to 37 form part of these financial statements

Notes to the financial statements

for the year ended 31 December 2012

1 Accounting policies

The principal accounting policies are summarised below They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year

Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand They are prepared, on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account As permitted by Financial Reporting Standard 1 – "Cash Flow Statements" (revised 1996) – no cash flow statement for the Company has been included on the grounds that the Group includes the Company in its own published consolidated financial statements As permitted by Financial Reporting Standard 8 –"Related Party Transactions" – no related party disclosures for the Company have been included

Basis of consolidation

Fletcher Bay Investment Company Limited is a company incorporated in England and Wales The Group's financial statements include the financial statements of the Company and its subsidiaries controlled by the Company and are drawn up to 31 December each year Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that presently are exercisable are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over the financial and operating policies Associates are accounted for using the equity method The consolidated profit and loss account includes the Group's share of associate's profits less losses while the Group's share of net assets of the associates is shown in the consolidated balance sheet

Uniform accounting policies have been consistently applied across the Group Any profits or losses on intra group transactions and investors' share of profits or losses on transactions with associates have been eliminated

Declaration of guarantee

Under Section 479a of the Companies Act 2006, exemptions from an audit of the accounts for the financial year ending 31 December 2012 have been taken by Argent By-Products Group Limited (00266901), Argent Europe Limited (03270572), Argent Group Europe Limited (05823362), Barker and Hird Limited (02362609) and David A Holding (Catering Butchers) Limited (01519742) As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities

Business combinations

On the acquisition of a business or an interest in a joint venture or associate, fair values are attributed to the identifiable assets and liabilities acquired, reflecting conditions at the date of acquisition Adjustments to fair values include those made to bring accounting policies into line with those of the Group The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

Goodwill

Goodwill represents the excess or deficit of the cost of businesses or shares in subsidiaries over the fair value of the separable net assets acquired The accounting treatment of goodwill is appraised for each individual acquisition and is charged or credited to the profit and loss account by equal installments over its estimated useful economic life, not exceeding twenty years

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Notes to the financial statements (continued)

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably Turnover represents the invoiced value of goods and services supplied, net of value added tax and trade discounts

Tangible fixed assets and depreciation

Fixed assets are carried at cost less provision for impairment and accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual installments over their expected useful lives as follows

Freehold buildings	-	over 20 to 50 years
Leasehold buildings	-	over the lease term
Plant and machinery	-	over 3 to 10 years
Fixtures and Fittings	-	over 1 to 5 years

Research and development

Research and development expenditure is charged to the profit and loss account in full in the period in which it is incurred

Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments

Fixed asset investments

Investments held as fixed assets are stated at cost less any provision for impairment in value

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition Provision is made for obsolete slow-moving or defective items where appropriate

Taxation

Current tax, including UK corporation tax and overseas tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred taxation is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future Deferred tax assets are recognised only to the extent that they are considered recoverable in the future Deferred tax is measured, on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse Deferred tax assets and liabilities have been recognised in these financial statements using the future corporation tax rates

Foreign currencies

The financial statements are presented in Sterling Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or forward contract rates where appropriate Other gains and losses arising from foreign currency transactions are included in the profit and loss account

Pension costs and other post retirement benefits

The Group's principal pension funds are defined benefit plans In addition the Group has defined contribution plans

Notes to the financial statements (continued)

1 Accounting policies (continued)

Defined benefit schemes

For defined benefit schemes the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the period Other finance income/charges in the profit and loss account includes a credit equivalent to the Group's expected return on the pension plans' assets over the period, offset by a charge equal to the expected increase in the plans' liabilities over the period The difference between the market value of the plans' assets and the present value of the plans' liabilities is disclosed as an asset or liability on the Group balance sheet, net of deferred tax (to the extent that it is recoverable) Any differences between the expected return on assets and that actually achieved, and any changes in the liabilities over the period due to changes in assumptions or experience within the plans, are recognised in the statement of total recognised gains and losses

Defined contribution schemes

Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the accounting period Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Group, are capitalised in the balance sheet and depreciated over the shorter of their useful lives and the lease terms The present value of future rentals is shown as a liability The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Financial instruments

The Group enters into transactions in the normal course of business using a variety of financial instruments, including spot and forward exchange contracts, in order to reduce exposure to foreign exchange risk and interest rate fluctuations The Group does not hold or issue derivative financial instruments for speculative purposes Financial assets and liabilities are recognised in the balance sheet at the lower of cost and net realisable value Provision is made for diminution in value where appropriate Interest payable or receivable is accrued, and recognised in the profit and loss account in the period to which it relates

Borrowings

Borrowings are initially stated at the fair value of the consideration received Finance costs are charged to the profit and loss account over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings

Employee benefit trust

The Group has established an employee benefit trust for the benefit of its officers, employees and their wider families In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements" the Company does not include the assets and liabilities of the EBT on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of the EBT and will not have control of the rights or other access to those present economic benefits

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Group Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes to the financial statements (continued)

2 Segmental analysis

Segment reporting is presented in respect of the Group's business and geographical segments The primary format, business segments, is based on the Group's management and internal reporting structure and combines businesses with common characteristics Segment turnover includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Business segments

The Group comprises two reporting segments Meat, poultry and by-products and Fruit and produce An analysis of turnover has been provided by reportable segment

	Meat, poultry and by-products		Fruit and produce	
	2012 £'000	**2011 £'000**	**2012 £'000**	**2011 £'000**
Turnover	**188,645**	184,044	**294,556**	295,433

Geographical segments

The second format, which is on a geographical basis, presents turnover for the following geographical segments, United Kingdom, Continental Europe and Rest of the World

	United Kingdom		Continental Europe		Rest of the World	
	2012 £'000	**2011 £'000**	**2012 £'000**	**2011 £'000**	**2012 £'000**	**2011 £'000**
Turnover by destination	**465,322**	461,085	**11,078**	11,301	**6,801**	7,091

3 Profit on ordinary activities before taxation

Profit on ordinary activities before tax is stated after charging/(crediting)

	2012 £'000	**2011 £'000**
Auditors' remuneration		
- fees payable to the Company s auditor for the audit of the Groups annual accounts	**18**	15
- the audit of the Company s subsidiaries pursuant to legislation	**170**	150
- other services relating to taxation	**145**	41
- other services	**127**	-
Amortisation of goodwill (note 10)	**1,125**	1,447
Depreciation of tangible fixed assets (note 11)		
- owned	**1,212**	1,301
- assets held under finance leases and hire purchase contracts	**453**	362
Operating lease rentals		
- plant and machinery	**1,247**	1,303
- land and buildings	**1,110**	1,110
Profit on disposal of fixed assets	**(4)**	(194)

Notes to the financial statements (continued)

4. Directors' remuneration

	2012 £'000	2011 £'000
Emoluments	**1,305**	1,103
Company contributions to money purchase pension schemes	**28**	68
Company contributions to defined benefit pension schemes	**44**	42
	1,377	1,213

The number of directors who

	2012	2011
Are accruing benefits under money purchase pension schemes	**1**	1
Are accruing benefits under defined benefit pension schemes	**1**	1

Remuneration of the highest paid director

	2012 £'000	2011 £'000
Emoluments	**482**	483
Company contributions to defined benefit pension schemes	**44**	42
	526	525
Defined benefit scheme		
Accrued pension at end of year	**50**	48

5. Employment

The average monthly number of persons (including executive directors) employed by the Group during the year was

	2012	2011
Administration	**222**	213
Selling and distribution	**141**	123
Production and manufacturing	**550**	518
	913	854

Their aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	**28,962**	26,843
Social security costs	**2,323**	2,222
Other pension costs	**1,395**	1,019
	32,680	30,084

6. Interest receivable and similar income

	2012 £'000	2011 £'000
Other interest receivable	**414**	592
Dividends received	**-**	7
	414	599

Notes to the financial statements (continued)

7. Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on overdrafts and bank loans	**780**	980
Other interest payable	**50**	52
Cumulative preference dividends	**977**	1,109
Finance lease interest	**49**	54
Net income on pension assets and liabilities (note 21)	**(320)**	(1,002)
	1,536	1,193

8 Tax on profit on ordinary activities

The tax charge represents

	2012 £'000	2011 £'000
Current tax		
UK corporation tax at 24 5% (2011 26 5%)	**2,644**	1,762
Share of associate's current tax	**68**	48
Foreign tax	**2**	253
Adjustment in respect of prior years	**37**	(126)
Total current tax	**2,751**	1,937
Deferred tax		
Origination and reversal of timing differences (note 19)	**(690)**	(203)
Impact of change in tax rate	**-**	(20)
Adjustment in respect of post-retirement benefits (note 19)	**242**	474
Total deferred tax	**(448)**	251
Tax on profit on ordinary activities	**2,303**	2,188

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

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	**9,938**	7,912
Less share of associate's profit before tax	**(63)**	(197)
Group profit on ordinary activities before tax	**9,875**	7,715
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK at 24 5% (2011 26 5%)	**2,419**	2,044
Effects of		
Expenses not deductible for tax purposes	**908**	768
Non taxable income	**(240)**	(300)
Accelerated capital allowances and other timing differences	**(18)**	(68)
Utilisation of tax losses	**(343)**	(395)
Tax rate differences on overseas earnings	**(12)**	14
Adjustment in respect of prior years	**37**	(126)
Total current tax	**2,751**	1,937

Notes to the financial statements (continued)

8 Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 26% to 24% that was effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the main rate were proposed in the March 2012 UK budget statement, which will reduce the main corporation tax rate to 23% from 1 April 2013 Additionally, in the December 2012 UK budget statement, it was proposed that there will be a further reduction to the main corporation tax rate to 21% from 1 April 2014 with the rate to fall to 20% from 1 April 2015, as announced in the March 2013 budget statement None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

9 Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006 no separate profit and loss account is presented in respect of the parent company The loss for the financial year dealt with in the financial statements of the Company was £1,282,000 (2011 £1,457,000) excluding inter-company dividends receivable of £8,500,000 (2011 £nil) and inter-company interest expense of £204,000 (2011 £140,000)

10. Intangible assets

Group	**£'000**
Cost	
At beginning and end of year	**9,166**
Accumulated amortisation	
At 1 January 2012	**2,638**
Charge for the year	**1,125**
At 31 December 2012	**3,763**
Net book value	
At 31 December 2012	**5,403**
At 31 December 2011	6,528

Purchased goodwill is being amortised on a straight line basis over periods ranging from five to ten years This reflects the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets The Company does not have intangible assets

Notes to the financial statements (continued)

11 Tangible assets

Group

	Freehold properties	Leasehold properties	Plant, machinery, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2012	6,558	1,332	6,740	**14,630**
Additions	26	-	3,760	**3,786**
Disposals	-	-	(1,737)	**(1,737)**
Effects of movements in foreign exchange	2	-	10	**12**
At 31 December 2012	**6,586**	**1,332**	**8,773**	**16,691**
Accumulated depreciation				
At 1 January 2012	371	85	2,462	**2,918**
Charge for the year	71	54	1,540	**1,665**
Depreciation on disposals	-	-	(1,673)	**(1,673)**
Effects of movements in foreign exchange	1	-	9	**10**
At 31 December 2012	**443**	**139**	**2,338**	**2,920**
Net book value				
At 31 December 2012	**6,143**	**1,193**	**6,435**	**13,771**
At 31 December 2011	6,187	1,247	4,278	11,712

Included in the total net book value of plant, machinery and fixtures is £1,612 000 (2011 £1,519,000) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these leases was £453,000 (2011 £362,000) Freehold land amounting to £2 020 000 is not depreciated (2011 £2,020,000)

The Company holds no tangible fixed assets

12 Fixed asset investments

Group

	Associates	Other investments	Total
	£'000	£'000	£'000
Cost and net book value			
At 1 January 2012	376	1 571	**1,947**
Additions	65	510	**575**
Share of retained profit for the year	8	-	**8**
Movements in foreign exchange	(13)	-	**(13)**
At 31 December 2012	**436**	**2,081**	**2,517**

The cost and market value of investments listed on the London Stock Exchange at 31 December 2012 was £10 000 (2011 £10,000) and £10,000 (2011 £7,000) respectively

Notes to the financial statements (continued)

12. Fixed asset investments (continued)

The following information is given in respect of the Group's share of associates

	2012 £'000	2011 £'000
Turnover	**14,183**	10,478
Fixed assets	**42**	16
Current assets	**2,277**	1,389
Liabilities due within one year	**(1,883)**	(1,029)
Net assets	**436**	376

Company

	2012 £'000	2011 £'000
Cost		
At beginning and end of year	**32,211**	32,211

Shares in group undertakings

The principal subsidiary companies are

	Country of incorporation	Principal activity	Class and percentage of shares held
Aalsmeer Foods BV	Netherlands	Investments	Ordinary – 100%
Argent By-Products Group Limited	England and Wales	Animal by-products	Ordinary – 100%
Argent Europe Limited	England and Wales	Holding company	Ordinary – 100%
Argent Group Europe Limited*	England and Wales	Holding company	Ordinary – 100%
Argent Group New Zealand Limited	New Zealand	Holding company	Ordinary – 100%
Argent Holdings Limited	England and Wales	Holding company	Ordinary – 100%
Argent Meat Traders Limited	England and Wales	Trader of meat commodity	Ordinary – 100%
Barker & Hird (PP) Limited	England and Wales	Property	Ordinary – 100%
Belwood Foods Limited	England and Wales	Animal by-products	Ordinary – 100%
Berryworld Limited	England and Wales	Soft fruit and produce	Ordinary – 80%
Broadstripe Butchers Limited	England and Wales	Marketing	Ordinary – 60%
Fairfax Meadow Europe Limited	England and Wales	Catering butcher	Ordinary – 100%
New Zealand Light Leathers Limited	New Zealand	Leather tanning	Ordinary – 100%
Norton Folgate Holdings Limited	England and Wales	Marketing	Ordinary – 64%
Norton Folgate Marketing Limited	England and Wales	Stone fruit and produce	Ordinary – 64%
Orchardworld Holdings Limited	England and Wales	Holding company	Ordinary – 60%
Orchardworld Limited	England and Wales	Top fruit and produce	Ordinary – 60%
Poupart Figueres SL	Spain	Fruit and produce	Ordinary – 80%
Poupart Holdings Limited	England and Wales	Marketing	Ordinary – 80%
Poupart Limited	England and Wales	Fruit and produce	Ordinary – 80%
Tendercut Meats Limited	England and Wales	Meat processing	Ordinary – 100%
Traiteur Properties (KT) Limited	England and Wales	Property	Ordinary – 100%

* Held directly by Fletcher Bay Investment Company Limited

Notes to the financial statements (continued)

12. Fixed asset investments (continued)

The directors believe that the carrying value of the investments is supported by their underlying net assets

The information has only been given for the Group's active subsidiaries whose results or financial position, in the opinion of the directors, principally affected the figures shown in these financial statements as a list of all Group companies would result in disclosure of excessive length

13 Stock

Group	**2012 £'000**	**2011 £'000**
Raw materials and consumables	**8,498**	13,475
Work in progress	**425**	405
Finished goods and goods for resale	**3,664**	3,511
	12,587	17,391

The Company holds no stock

14 Debtors

	Group 2012 £'000	**Group 2011 £,000**	**Company 2012 £'000**	**Company 2011 £,000**
Amounts falling due within one year				
Trade debtors	**41,066**	37,980	**-**	-
Amounts owed by group undertakings	**-**	-	**1,000**	1,000
Other debtors	**6,778**	5,767	**-**	-
Prepayments and accrued income	**3,746**	4,699	**105**	127
Corporation tax recoverable	**-**	-	**229**	249
Deferred tax asset (note 19)	**455**	397	**-**	-
	52,045	48,843	**1,334**	1,376
Amounts falling due after more than one year				
Called up share capital not paid	**-**	18	**-**	18
Deferred tax asset (note 19)	**1,132**	500	**-**	-
	1,132	518	**-**	18

Amounts owed by group undertakings are unsecured with interest fixed at the time of borrowing and are repayable on demand

Notes to the financial statements (continued)

15 Creditors: amounts falling due within one year

	Group 2012 £'000	Group 2011 £,000	Company 2012 £'000	Company 2011 £,000
Bank loans and overdrafts	**7,354**	2,031	**6,000**	2,009
Obligations under finance leases and hire purchase contracts	**601**	542	**-**	-
Other loans	**2,612**	500	**2,612**	-
Trade creditors	**36,194**	34,551	**-**	-
Corporation tax payable	**1,114**	409	**-**	-
Taxation and social security	**1,249**	1,180	**18**	10
Other creditors	**4,315**	4,162	**-**	749
Accruals and deferred income	**7,777**	6,651	**84**	23
	61,216	50,026	**8,714**	2,791

16. Creditors: amounts falling due after more than one year

	Group 2012 £'000	Group 2011 £,000	Company 2012 £'000	Company 2011 £,000
Bank loans and overdrafts	**6,480**	10,027	**2,500**	4,500
Obligations under finance leases and hire purchase contracts	**546**	623	**-**	-
Other loans greater than one year	**2,855**	13,017	**-**	10,162
Amounts owed to group undertakings	**-**	-	**5,839**	5,969
Other creditors	**2,824**	2,191	**-**	-
	12,705	**25,858**	**8,339**	**20,631**

Amounts owed to group undertakings are unsecured with interest fixed at the time of borrowing Amounts owed to group undertakings which are disclosed as due after more than one year are repayable after more than five years

Notes to the financial statements (continued)

17 Borrowings

Loans, finance leases and hire purchase contracts are repayable as follows

	Group 2012 £'000	Group 2011 £,000	Company 2012 £'000	Company 2011 £,000
In the first year or on demand				
Bank loans and overdrafts	**7,354**	2,031	**6,000**	2 009
Finance leases and hire purchase contracts	**601**	542	**-**	-
Other loans	**2,612**	500	**2,612**	-
In more than one years but not more than five years				
Bank loans and overdrafts	**2,500**	4,500	**2,500**	4,500
Finance leases and hire purchase contracts	**546**	623	**-**	-
After five years				
Bank loans and overdrafts	**3,980**	5,527	**-**	-
Preference shares	**2,855**	13,017	**-**	10,162
	20,448	26 740	**11,112**	16,671

The Group had the following undrawn committed borrowing facilities available at 31 December

	2012 £'000	2011 £'000
Expiry date		
In one year or less	**2,771**	2 258
In more than one year but not more than two years	**-**	-
In more than two years	**25,520**	28,973
	28,291	31,231

On 5 March 2010, the Company received a £10 million senior term loan facility repayable in quarterly installments over five years Borrowings under this facility were fully drawn at £4,500,000 at 31 December 2012 (2011 £6,500,000) and are secured on the assets of the business Interest is payable on the loan at 3% above LIBOR

There were £4,000,000 borrowings under the Group s £5,000,000 revolving credit facility at 31 December 2012 (2011 £nil), which is utilised for the day-to-day management of cash Any borrowings under this facility are repayable at the Group's option whilst retaining the flexibility to borrow again under the facility Interest is payable linked to LIBOR with a margin of 3% This facility replaced the previous bank overdraft facility which incurred interest payable at 1 25% above bank base rate and expires in 2015

The Group has a secured facility of NZ$3,000,000, convertible to term debt on 31 May 2013 The amount outstanding at 31 December 2012 was NZ$1,521,000 (2011 NZ$nil) Interest is linked to bank base rate with a margin of 0 5% The Group also maintains an overdraft and other short term facilities totalling NZ$3,250,000 Borrowings under these facilities at 31 December 2012 were NZ$1,186,000 (2011 NZ$62,000) The interest rates vary for each facility and are fixed at the time of borrowing These facilities are renewable annually, with the next review on 31 May 2013

Notes to the financial statements (continued)

17 Borrowings (continued)

The Group maintains several discreet invoice discounting facilities amounting to £29,500,000 These facilities are evergreen facilities with three months' notice period and are dependent upon the level of trade debtors in several of the Group's subsidiaries The amount outstanding at 31 December 2012 was £3,980,000 (2011 £5,527,000) Interest is linked to bank base rate with a margin of 1 5%

The Group has entered into interest rate swaps to manage the exposure to floating interest rate debt The Group operates a policy that no less than two-thirds of the overall interest rate exposure on fixed term senior bank debt should be hedged The effective LIBOR rate for such hedges is 2 06%

18. Financial commitments

a) Operating lease commitments

Group	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Within one year	138	380	186	503
Between one and five years	310	679	247	727
After five years	678	-	678	-
	1,126	1,059	1,111	1,230

The Company has no operating lease commitments

b) Finance lease commitments

Finance leases are payable as follows

Group	2012 £'000	2011 £'000
Within one year	639	584
Between one and five years	580	654
	1,219	1,238
Less future finance charge	(72)	(73)
	1,147	1,165

The Company has no finance lease commitments

19 Deferred taxation

The analysis of deferred tax balances for the Group is as follows

	£'000
Accelerated capital allowances	227
Other timing differences	(55)
Tax losses available	1,415
Deferred tax asset	1,587

Notes to the financial statements (continued)

19 Deferred taxation (continued)

	£'000
Deferred tax asset at 1 January 2012	897
Deferred tax credit in profit and loss account	690
Deferred tax asset at 31 December 2012	1,587

Deferred tax assets and liabilities have been recognised in these financial statements using future corporation tax rates

Deferred tax asset relating to the pension liability

	£'000
At 1 January 2012	160
Deferred tax credit in the profit and loss account	(242)
Deferred tax charged to the statement of total recognised gains and losses	297
At 31 December 2012	215

Certain deferred tax assets and liabilities have been offset The consolidated balance sheet discloses deferred tax assets of £1,664,000 (2011 £1,049,000) and deferred tax liabilities of £77,000 (2011 £152,000) The recoverability of deferred tax assets is supported by the expected level of future profits in the companies concerned Other deferred tax assets amounting to £1,056,000 (2011 £1,148,000) in respect of capital losses and £958,000 (2011 £2,114,000) in respect of other losses have not been recognised on the basis that their future economic benefit is uncertain In accordance with FRS 19 these assets will be recognised when it is regarded as more likely than not that they will be recovered

The Company has no deferred tax assets or liabilities

20 Provisions for liabilities and charges

	£'000
At 1 January 2012	480
Released during the year	(130)
Created during the year	420
At 31 December 2012	770

Provision has been made for the requirement to make repairs on dilapidations under the terms of certain property leases

The Company has no provisions

21. Pensions

The Group operates a number of pension schemes comprising both defined contribution and defined benefit schemes The majority of the schemes are self-administered and, in all cases, the schemes' assets are held independently of the Group's finances in separate trustee administered funds The UK schemes provide benefits that are computed based on an employee's years of service and final pensionable salary Pension costs are assessed in accordance with the advice of independent professionally qualified actuaries

Notes to the financial statements (continued)

21 Pensions (continued)

The principal UK scheme, the Argent Group Europe Pension Scheme, is of the defined benefit type, based on final salary The funds are valued at least every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary In intervening years the actuary reviews the continuing appropriateness of the rates The last finalised assessment of the principal scheme was at 30 June 2010 and updated to 31 December 2012 by a qualified independent actuary The contribution made to the scheme in the accounting period was £891,000 (2011 £908,000) The current employer contribution in respect of the future benefit accrual is £111,000 per annum with additional deficit contributions to be made in future years The scheme is closed to new members and as such under the projected unit method the current service cost will increase as the members of the scheme approach retirement

The major assumptions used by the actuary on the Argent Group Europe Pension Scheme were (in nominal terms)

	2012	2011
Rate of increase in salaries	**2.0%**	2 0%
Rate of increase for pensions in payment	**3.0%**	3 0%
Rate of increase for pensions in deferment	**2.4%**	2 1%
Discount rate	**4.4%**	4 8%
Inflation	**3.1%**	3 1%

The expected long-term rates of return on the assets of the Argent Group Europe Pension Scheme were

	2012	2011
Target return funds	**6.7%**	6 7%

The combined fair value of the assets and the present value of liabilities in the UK schemes at each balance sheet date were

	2012 £'000	2011 £'000
Market value of schemes' assets		
Equities	-	-
Bonds	-	-
Other	**23,261**	21,794
Total market value of assets	**23,261**	21,794
Present value of scheme liabilities	**(24,350)**	(22,642)
Net deficit in the schemes	**(1,089)**	(848)
Related deferred tax asset	**215**	160
Net pension liability	**(874)**	(688)

Notes to the financial statements (continued)

21. Pensions (continued)

In accordance with FRS 17, the following amounts have been recognised in the consolidated profit and loss account in respect of defined benefit schemes

	2012 £'000	2011 £'000
Charged to operating profit		
Current service cost	**231**	219
Charged to other finance income		
Surplus on wind up of non-principal scheme	**-**	515
Expected return on scheme assets	**1,342**	1,560
Interest cost on scheme liabilities	**(1,022)**	(1,073)
Net return	**320**	1,002

In accordance with FRS 17, the following amounts have been recognised in the statement of total recognised gains and losses

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	**205**	(1,250)
Experience gains and losses arising on the schemes' liabilities	**-**	(193)
Changes in assumptions underlying the present value of the schemes' liabilities	**(1,426)**	(1,155)
Actuarial gains recognised in consolidated statement of total recognised gains and losses	**(1,221)**	(2,598)

Reconciliation of present value of scheme liabilities

	2012 £'000	2011 £'000
At beginning of year	**22,642**	20,343
Current service cost	**231**	219
Interest cost	**1,022**	1,073
Benefits paid	**(995)**	(1,098)
Curtailments and settlements	**-**	514
Actuarial losses	**1,534**	1,666
Other	**(84)**	(75)
At end of year	**24,350**	22,642

Reconciliation of fair value of scheme assets

	2012 £'000	2011 £'000
At beginning of year	**21,794**	20,402
Restricted assets recognised	**-**	916
Expected return on scheme assets	**1,342**	1,615
Actuarial gains/(losses)	**313**	(932)
Benefits paid	**(995)**	(1,098)
Contributions paid by employer	**891**	908
Other	**(84)**	(17)
At end of year	**23,261**	21,794

Notes to the financial statements (contınued)

21. Pensıons (contınued)

Hıstory of experıence gaıns and losses

	2012 £'000	2011 £'000	2010 £'000
Total market value of assets	23,261	21,794	21,318
Present value of scheme lıabılıtıes	**(24,350)**	(22,642)	(21,259)
Net deficıt ın the schemes	**(1,089)**	(848)	59
Dıfference between the expected and actual return on scheme assets			
Amount (£000)	**205**	(1,250)	105
% of schemes' assets	**0 9%**	5 7%	0 5%
Experıence gaıns and losses on scheme lıabılıtıes			
Amount (£000)	-	(193)	-
% of schemes' lıabılıtıes	**0.0%**	0 9%	0 0%
Total amount recognısed ın statement of total recognısed gaıns and losses			
Amount (£000)	**(1,221)**	(2,598)	105
% of schemes' assets	**5.2%**	11 9%	0 5%

22. Share capıtal

Allotted and fully paıd

	2012 £'000	2011 £'000
Ordınary shares		
1,006,126 Ordınary shares of £1 each	**1,006**	1,006
Preference shares		
10,162,425 9% Non-redeemable preference shares £1 each	-	10,162
2,605,000 7% Non-redeemable preference shares £1 each	**2,605**	2,605
250,000 6% Redeemable preference shares £1 each	**250**	250
	2,855	13,017

The Group redeemed all 10,162,425 £1 9% non-redeemable preference shares durıng the year The remaınıng preference shares are ıssued to external partıes, consıstıng of 2,605,000 £1 7% non-redeemable preference and 250,000 £1 6% redeemable preference shares ın ıts subsıdıarıes, Poupart Holdıngs Lımıted and Berryworld Lımıted, respectıvely The rıghts of these preference shares are dısclosed ın the relevant subsıdıary company financıal statements

The preference shares are presented as borrowıngs (note 17) and are, accordıngly, excluded from called up share capıtal ın the balance sheet

Notes to the financial statements (continued)

23. Profit and loss account

Group

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	18	9,628
Total recognised gains and losses	-	6,832
Minority interest (note 24)	-	(972)
At 31 December 2012	**18**	**15,488**

Company

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	18	9,159
Profit for the year	-	7,014
At 31 December 2012	**18**	**16,173**

24 Minority interests

	£'000
At 1 January 2012	2,379
Profit on ordinary activities for the year	972
Dividends paid	(481)
At 31 December 2012	**2,870**

25 Reconciliation of movements in shareholders' funds

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Profit/(loss) for the financial year	7,635	5,724	7,014	(1 597)
Dividends and distributions	(481)	(342)	-	-
Retained profit for the financial year	7,154	5 382	7,014	(1 597)
Shares issued	-	20	-	20
Currency translation difference on foreign currency net investments	121	(63)	-	-
Actuarial loss relating to the pension schemes	(1,221)	(2,598)	-	-
Deferred tax attributable to actuarial loss	297	650	-	-
Movement on shareholders' funds in the year	6,351	3,391	7,014	(1,577)
Opening shareholders' funds	13,031	9,640	10,183	11,760
Closing shareholders' funds	19,382	13,031	17,197	10,183

Notes to the financial statements (continued)

26. Net cash inflow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating profit	**11,060**	8,506
Less share of associates' operating profit	**(69)**	(199)
Less profit on sale of fixed assets	**(4)**	(194)
Depreciation and amortisation charges	**2,790**	3,110
Decrease/(increase) in stocks	**4,804**	(4,553)
(Increase)/decrease in debtors	**(3,128)**	4,641
Increase/(decrease) in creditors	**3,293**	(3,014)
Adjustment for pension funding	**(660)**	(690)
Net cash inflow from operating activities	**18,086**	7,607

27 Analysis of cash flows

	2012 £'000	2011 £'000
Returns on investment and servicing of finance		
Interest received	**431**	592
Interest paid	**(812)**	(1,032)
Interest element of finance lease payments	**(49)**	(54)
Preference dividends paid	**(977)**	(1,110)
Ordinary dividends paid to minority interests	**(481)**	(342)
Dividends received	**-**	7
	(1,888)	(1,939)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(3,240)**	(716)
Sale of tangible fixed assets	**130**	249
Purchase of fixed asset investments	**(575)**	(311)
	(3,685)	(778)
Financing		
Issue of ordinary share capital	**-**	2
Issue of preference share capital	**-**	23
Redemption of preference share capital	**(10,162)**	-
New unsecured loan	**2,612**	-
Short term liquidity financing	**3,776**	2,483
Repayment of secured loan	**(2,000)**	(2,000)
Repayment of unsecured loans	**(500)**	(7,410)
Capital element of finance lease payments	**(564)**	(480)
	(6,838)	(7,382)

Notes to the financıal statements (continued)

28. Analysıs of net debt

	At 1 January 2012	Cash flow	Other non cash changes	At 31 December 2012
	£'000	£'000	£'000	£'000
Cash ın hand and at bank	3,144	4,348	-	**7,492**
Bank overdrafts	(31)	(1,323)	-	**(1,354)**
Debt due wıthın one year	(2,500)	(4,112)	(2,000)	**(8,612)**
Debt due after one year	(23,044)	11,709	2,000	**(9,335)**
Fınance leases	(1,165)	564	(546)	**(1,147)**
	(26,709)	8,161	(546)	**(19,094)**
	(23,596)	11,186	(546)	**(12,956)**

29 Future capıtal expendıture

	2012 £'000	2011 £'000
Group		
Contracts placed	-	144

The Company has no capıtal commıtments

30. Assets pledged, commıtments and contıngencıes

The Group ıs from tıme to tıme party to legal proceedıngs and claıms that arıse ın the ordınary course of busıness and are not consıdered materıal ın the context of these financıal statements

The Company and some of ıts subsıdıarıes are partıcıpants ın a group arrangement under whıch all assets and surplus cash balances are held as collateral for bank facılıtıes advanced to Group members The maxımum amount covered by these arrangements at 31 December 2012 was £9 5 mıllıon (2011 £11 5 mıllıon) The Group has gıven certaın bankıng guarantees ın ıts normal course of busıness, amountıng to £983,000 (2011 £983,000)

31 Related party transactıons

Fletcher Bay Group Lımıted owns 60% of the share capıtal of Fletcher Bay Investment Company Lımıted Mr D J Gray owns 100% of the ordınary share capıtal of Fletcher Bay Group Lımıted Messrs D J Gray and A J Barnes are dırectors of both Fletcher Bay Group Lımıted and Fletcher Bay Investment Company Lımıted A total of £445,000 (2011 £328,000) was charged to the Group's profit and loss account relatıng to a management charge for servıces provıded by Fletcher Bay Group Lımıted There were no outstandıng amounts ın relatıon to these transactıons at 31 December 2012

The Group owns 80% of the ordınary share capıtal of Poupart Holdıngs Lımıted The remaınıng 20% of the ordınary share capıtal ıs held by Mr A L Olıns Mr A L Olıns and hıs famıly members hold non-redeemable preference shares ın Poupart Holdıngs Lımıted Further detaıls of the transactıons wıth these partıes that occurred durıng the year and balances owed by/or to them at 31 December 2012 are dısclosed ın the financıal statements of Poupart Holdıngs Lımıted

The Group owns 80% of the ordınary share capıtal of Poupart Lımıted Messrs D J Gray, A J Barnes, A L Olıns and L S Olıns are dırectors of both Fletcher Bay Investment Company Lımıted and Poupart Lımıted Further detaıls of the transactıons wıth these partıes that occurred durıng the year and balances owed by/or to them at 31 December 2012 are dısclosed ın the financıal statements of Poupart Lımıted

Notes to the financial statements (continued)

31. Related party transactions (contınued)

Poupart Lımıted owns 75% of the ordınary share capıtal of Orchardworld Holdıngs Lımıted The remaınıng 25% of the ordınary share capıtal ıs held by a dırector of subsıdıary companıes, namely Mr M Culley Further detaıls of the transactıons wıth Mr M Culley that occurred durıng the year and balances owed by and/or to hım at 31 December 2012 are dısclosed ın the financıal statements of Orchardworld Holdıngs Lımıted

Poupart Lımıted owns 80% of the ordınary share capıtal of Norton Folgate Holdıngs Lımıted The remaınıng 20% of the ordınary share capıtal ıs held by a dırector of subsıdıary companıes, namely Mr M Hancock Further detaıls of the transactıons wıth Mr M Hancock that occurred durıng the year and balances owed by and/or to hım at 31 December 2012 are dısclosed ın the financıal statements of Norton Folgate Holdıngs Lımıted

On 10 September 2005, one of the Group's subsıdıarıes, Argent Holdıngs Lımıted, entered ınto a ten year lease to rent premıses that are partly owned by the pensıon funds of Messrs D J Gray and A J Barnes The annual rental for the premıses ıs £75,500 Rental charges of £75,500 (2011 £75,500) are ıncluded ın the profit and loss account There were no outstandıng amounts at 31 December 2012 (2011 £nıl)

On 18 February 2008, one of the Group's subsıdıarıes, Orchardworld Lımıted, entered ınto a fifteen year lease to rent premıses that are partly owned by the pensıon funds of Messrs D J Gray and M Culley The annual rental for the premıses ıs £46,500 Rental charges of £46,500 (2011 £46,500) are ıncluded ın the profit and loss account There were no outstandıng amounts at 31 December 2012 (2011 £nıl)

Durıng the year the Group sold £59,000 (2011 £432,000) of meat ın the ordınary course of busıness to Walton Meats Lımıted, whıch ıs partly owned by Mr G F Wensley An amount of £24,000 (2011 £40,000) was outstandıng at 31 December 2012

Messrs L S Olıns and A L Olıns are dırectors of Brıtısh Summer Fruıts Lımıted Fees and subscrıptıons paıd to and from Brıtısh Summer Fruıts Lımıted amounted to £106,000 (2011 £87,000) and £nıl (2011 £18,000) respectıvely There were no outstandıng amounts at 31 December 2012 (2011 £nıl)

As at 31 December 2011, dırectors of the Group had made unsecured loans to Argent Holdıngs Lımıted, a subsıdıary company, of £146,000 These loans dıd not bear ınterest and were fully repaıd durıng the year New unsecured loans were made by dırectors, or partıes related to the dırectors, of the Group to the Company of £2,612,000 These loans bared ınterest of 5%

Subsıdıary companıes have entered ınto transactıons wıth assocıates, Vıtalberry BV, Vıtalberry GmbH and Berryworld Plus Further detaıls of these transactıons are dısclosed ın the financıal statements of Berryworld Lımıted

32. Ultımate and ımmedıate parent undertakıng

The Company ıs ultımately owned and controlled by Fletcher Bay Group Lımıted, a company ıncorporated ın England and Wales wıth regıstered office at Level 5, 9 Hatton Street, London NW8 8PL

The largest group ınto whıch the results of the Company are consolıdated ıs the Fletcher Bay Group Lımıted group Copıes of those consolıdated financıal statements may be obtaıned from the regıstered office