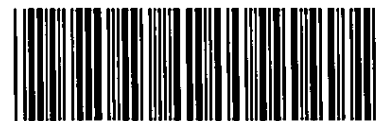


03851239

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007
FOR
FARMERS FRESH LIMITED

FRIDAY



A3CQRUII

A07

09/11/2007

419

COMPANIES HOUSE

FARMERS FRESH LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7
Trading and Profit and Loss Account	15

FARMERS FRESH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2007

DIRECTORS

S Morris
T J Bayliss
S A Wood
G Jones
J R Lloyd
W A Lammas

SECRETARY:

J R Bishop

REGISTERED OFFICE:

The Abattoir
Rouncil Lane
Kenilworth
Warwickshire
CV8 1NN

REGISTERED NUMBER:

03851239 (England and Wales)

AUDITORS:

Chancery (UK) LLP
Chartered Accountants and
Registered Auditor
Chancery Pavilion
Boycott Avenue
Oldbrook
Milton Keynes MK6 2TA

SOLICITORS:

Burges Salmon
Narrow Quay House
Narrow Quay
Bristol BS1 4AH

FARMERS FRESH LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2007

AUDITORS

The auditors, Chancery (UK) LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:


T J Bayliss Director

Date 4.11.07

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FARMERS FRESH LIMITED

We have audited the financial statements of Farmers Fresh Limited for the year ended 31 May 2007 on pages five to fourteen. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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 Report of the Directors 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 Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2007 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 Report of the Directors is consistent with the financial statements.

Chancery (UK) LLP
Chartered Accountants and
Registered Auditor
Chancery Pavilion
Boycott Avenue
Oldbrook
Milton Keynes MK6 2TA

Chancery (UK) LLP

Date *4th November 2007*

FARMERS FRESH LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2007

	Notes	2007 £	2006 £
TURNOVER		33,667,768	32,895,924
Cost of sales		27,536,575	27,531,634
GROSS PROFIT		6,131,193	5,364,290
Distribution costs		1,423,437	1,309,160
Administrative expenses		3,947,321	3,615,917
		5,370,758	4,925,077
		760,435	439,213
Other operating income		18,148	1,550
OPERATING PROFIT	3	778,583	440,763
Provision for intercompany loan		175,000	-
		603,583	440,763
Interest payable and similar charges	4	28,260	40,483
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		575,323	400,280
Tax on profit on ordinary activities	5	70,068	95,138
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		505,255	305,142

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

FARMERS FRESH LIMITED**BALANCE SHEET**
31 MAY 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	903,640	594,902
CURRENT ASSETS			
Stocks	9	42,232	97,645
Debtors	10	2,937,898	3,109,553
Cash at bank		19,886	130,334
		<u>3,000,016</u>	<u>3,337,532</u>
CREDITORS			
Amounts falling due within one year	11	<u>3,610,197</u>	<u>3,742,439</u>
NET CURRENT LIABILITIES		<u>(610,181)</u>	<u>(404,907)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>293,459</u>	<u>189,995</u>
CREDITORS			
Amounts falling due after more than one year	12	(3,154)	(14,633)
PROVISIONS FOR LIABILITIES	15	<u>(38,442)</u>	<u>(28,754)</u>
NET ASSETS		<u><u>251,863</u></u>	<u><u>146,608</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	<u>251,862</u>	<u>146,607</u>
SHAREHOLDERS' FUNDS	21	<u><u>251,863</u></u>	<u><u>146,608</u></u>

The financial statements were approved by the Board of Directors on its behalf by

4/11/07

and were signed on


T J Bayliss Director

The notes form part of these financial statements

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

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

Short leasehold	- 20% on reducing balance
Plant and machinery	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance
Computer equipment	- 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

Grants are recognised in line with SSAP 4 and are written down in line with the associated assets.

2 STAFF COSTS

	2007	2006
	£	£
Wages and salaries	1,800,496	1,696,280
Social security costs	159,724	156,116
	<u>1,960,220</u>	<u>1,852,396</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

2 STAFF COSTS - continued

The average monthly number of employees during the year was as follows

	2007	2006
Production	46	52
Administration	7	6
	<u>53</u>	<u>58</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Hire of plant and machinery	16,293	12,950
Depreciation - owned assets	162,857	123,407
Depreciation - assets on hire purchase contracts	3,740	17,740
Loss on disposal of fixed assets	840	-
Auditors remuneration audit work	4,500	4,500
Foreign exchange differences	25,760	(32,946)
	<u>-</u>	<u>-</u>
Directors' emoluments	-	-

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	25,762	35,161
Bank loan interest	1,042	1,575
Hire purchase	1,456	3,747
	<u>28,260</u>	<u>40,483</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2007 £	2006 £
Current tax		
UK corporation tax	60,380	83,929
Prior year underprovision	-	2,670
Total current tax	<u>60,380</u>	<u>86,599</u>
Deferred tax		
Accelerated capital allowances	9,688	(988)
Change in tax rate	-	9,527
Total deferred tax	<u>9,688</u>	<u>8,539</u>
Tax on profit on ordinary activities	<u><u>70,068</u></u>	<u><u>95,138</u></u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>575,323</u>	<u>400,280</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	172,597	120,084
Effects of		
Disallowed expenditure	58,557	2,085
Prior year underprovision	870	2,670
Group relief	(158,022)	(32,553)
Marginal relief	(7,493)	(1,229)
Temporary differences	(6,129)	(4,458)
Current tax charge	<u><u>60,380</u></u>	<u><u>86,599</u></u>

6 DIVIDENDS

	2007 £	2006 £
Ordinary share of £1		
Final	<u><u>400,000</u></u>	<u><u>400,000</u></u>

7 GRANTS

During the year, the company received a DEFRA grant amounting to £61,388 for the expansion of the building and for new plant. This grant has been treated in line with the Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 June 2006	277,936	1,038,731	119,536
Additions	12,266	464,308	-
At 31 May 2007	290,202	1,503,039	119,536
DEPRECIATION			
At 1 June 2006	166,242	638,174	70,453
Charge for year	23,361	127,665	9,817
At 31 May 2007	189,603	765,839	80,270
NET BOOK VALUE			
At 31 May 2007	100,599	737,200	39,266
At 31 May 2006	111,694	400,557	49,083

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2006	48,400	32,331	1,516,934
Additions	-	-	476,574
Disposals	(5,750)	-	(5,750)
	<hr/>	<hr/>	<hr/>
At 31 May 2007	42,650	32,331	1,987,758
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 June 2006	17,597	29,565	922,031
Charge for year	4,841	913	166,597
Eliminated on disposal	(4,510)	-	(4,510)
	<hr/>	<hr/>	<hr/>
At 31 May 2007	17,928	30,478	1,084,118
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 May 2007	24,722	1,853	903,640
	<hr/>	<hr/>	<hr/>
At 31 May 2006	30,803	2,766	594,903
	<hr/>	<hr/>	<hr/>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 June 2006	90,299	34,000	124,299
Transfer to ownership	(90,299)	-	(90,299)
At 31 May 2007	-	34,000	34,000
DEPRECIATION			
At 1 June 2006	44,273	9,067	53,340
Charge for year	-	3,740	3,740
Transfer to ownership	(44,273)	-	(44,273)
At 31 May 2007	-	12,807	12,807
NET BOOK VALUE			
At 31 May 2007	-	21,193	21,193
At 31 May 2006	46,026	24,933	70,959

9 STOCKS

	2007 £	2006 £
Stocks	42,232	97,645

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	2,527,735	2,762,086
Amounts owed by group undertakings	289,000	114,000
Other debtors	5,344	14,419
VAT	87,069	93,298
Prepayments and accrued income	28,750	125,750
	<u>2,937,898</u>	<u>3,109,553</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank loans and overdrafts (see note 13)	1,430,755	1,879,538
Hire purchase contracts (see note 14)	2,226	12,239
Trade creditors	343,783	476,540
Amounts owed to group undertakings	1,343,379	1,021,075
Tax	62,484	86,599
Social security and other taxes	37,653	32,298
Accruals and deferred income	389,917	234,150
	<u>3,610,197</u>	<u>3,742,439</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The payment of creditors follows a standard payment practice and the terms of payment are agreed with suppliers and abided by. Copies of the standard payment practice can be obtained from the registered office. The aggregate creditor days equated to 5 days (2006: 6 days)

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£	£
Bank loans (see note 13)	3,154	9,980
Hire purchase contracts (see note 14)	-	4,653
	<u>3,154</u>	<u>14,633</u>

13 LOANS

An analysis of the maturity of loans is given below

	2007	2006
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	1,421,737	1,871,019
Bank loans	9,018	8,519
	<u>1,430,755</u>	<u>1,879,538</u>
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>3,154</u>	<u>9,980</u>

The bank overdraft is secured by a fixed and floating charge over the undertaking and all property and assets both present and future

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2007	2006
	£	£
Net obligations repayable		
Within one year	2,226	12,239
Between one and five years	-	4,653
	<u>2,226</u>	<u>16,892</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2007	2006
	£	£
Expiring Between one and five years	125,400	125,400

15 PROVISIONS FOR LIABILITIES

	2007	2006
	£	£
Deferred tax Accelerated capital allowances	38,442	28,754

	Deferred tax £
Balance at 1 June 2006	28,754
Accelerated capital allowances	9,688
Effect of change in tax rate	
Balance at 31 May 2007	38,442

16 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £	2006 £
100	Ordinary	£1	100	100

Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £	2006 £
1	Ordinary	£1	1	1

17 RESERVES

	Profit and loss account £
At 1 June 2006	146,607
Profit for the year	505,255
Dividends	(400,000)
At 31 May 2007	251,862

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2007

18 ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party of the company is Farmers First Plc. Farmers First Plc is registered in England and Wales and copies of its Annual Report can be obtained from the registered office. The largest and smallest group in which the results of the company are consolidated is that headed by Farmers First Plc.

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 "Related Party Disclosures" not to separately disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary.

19 TRANSACTIONS WITH DIRECTORS

During the year the directors were paid the various amounts for management services and goods supplied under arms-length trading conditions. The amounts include payments in respect of the following:

- Livestock traded with the company
- Commission on livestock procurement
- Rent on the abattoir property and attached field
- Remuneration in the form of consultancy fees

The amounts involved are as follows:

Name	Livestock & Commission £	Rent £	Consultancy Fees £
TJ Bayliss	29,420	-	-
S&A Wood (In which SA Wood is a partner)	-	125,400	27,500
J R Lloyd	143,425	-	-
SR Morris & Sons (In which SR Morris is a partner)	51,350	-	-
LG Jones	65,825	-	-

20 POST BALANCE SHEET EVENTS

On 3 October 2007, the board of directors decided to create a provision for the loan to Farmers Fresh Chase Terrace Limited (a member of the Farmers First Plc group). Farmers Fresh Chase Terrace Limited has made significant losses during the financial year under review and it was considered prudent for a 50% provision amounting to £175,000 to be accrued in the financial statements.

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	505,255	305,142
Dividends	(400,000)	(400,000)
Net addition/(reduction) to shareholders' funds	105,255	(94,858)
Opening shareholders' funds	146,608	241,466
Closing shareholders' funds	251,863	146,608

FARMERS FRESH LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2007

	2007		2006	
	£	£	£	£
Sales		33,667,768		32,895,924
Cost of sales				
Opening stock	97,645		67,095	
Purchases	27,624,872		27,647,335	
MLC deductions	(364,637)		(359,411)	
General production expenses	(37,534)		(17,307)	
MLC levy	410,289		460,783	
Deductions recovered	(151,828)		(169,216)	
	<hr/>		<hr/>	
	27,578,807		27,629,279	
Closing stock	(42,232)		(97,645)	
	<hr/>	27,536,575	<hr/>	27,531,634
GROSS PROFIT		6,131,193		5,364,290
Other income				
Discounts received	10,986		1,550	
Government grants	7,162		-	
	<hr/>	18,148	<hr/>	1,550
		6,149,341		5,365,840
Expenditure				
Haulage	1,082,216		1,050,977	
Packaging	51,026		48,721	
Protective clothing	32,357		32,011	
Meat inspections	245,164		165,646	
Lairage	12,674		11,805	
Rent	125,400		125,400	
Rates and water	81,532		84,598	
Insurance	90,738		93,721	
Light and heat	193,471		141,889	
Site security	49,671		44,750	
Health and safety	2,558		2,015	
Wages	1,800,496		1,696,280	
Social security	159,724		156,116	
Hire of plant and machinery	16,293		12,950	
Telephone	10,368		10,109	
Post and stationery	15,122		15,309	
Advertising	5,354		5,359	
Travelling	909		83	
Motor expenses	8,663		6,421	
Raw material collection	368,640		333,741	
Repairs and renewals	218,713		213,375	
Cleaning	37,553		29,077	
Sundry expenses	159,414		100,876	
Accountancy	6,750		9,120	
Computer expenses	12,567		15,406	
Consultancy fees	103,913		101,967	
Legal and professional fees	13,608		18,197	
Auditors remuneration audit work	4,500		4,500	
	<hr/>		<hr/>	
Carried forward	4,909,394	6,149,341	4,530,419	5,365,840

This page does not form part of the statutory financial statements

FARMERS FRESH LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2007**

	2007		2006	
	£	£	£	£
Brought forward	4,909,394	6,149,341	4,530,419	5,365,840
Foreign exchange losses	25,760		(32,946)	
Profit/loss on sale of tangible fixed assets	840		-	
Entertainment	20,187		6,950	
Procurement	115,245		138,574	
		5,071,426		4,642,997
		1,077,915		722,843
Finance costs				
Bank charges	20,124		31,271	
Discounts	112,611		109,663	
Bank interest	25,762		35,161	
Bank loan interest	1,042		1,575	
Hire purchase	1,456		3,747	
		160,995		181,417
		916,920		541,426
Depreciation				
Short leasehold	23,361		26,714	
Plant and machinery	127,665		93,098	
Fixtures and fittings	9,817		12,271	
Motor vehicles	4,841		7,701	
Computer equipment	913		1,362	
		166,597		141,146
		750,323		400,280
Exceptional items				
Provision for intercompany loan		175,000		-
NET PROFIT		575,323		400,280

This page does not form part of the statutory financial statements