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**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2004**  
**FOR**  
**FARMERS FRESH LIMITED**



**FARMERS FRESH LIMITED**

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**FOR THE YEAR ENDED 31 MAY 2004**

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**FARMERS FRESH LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MAY 2004**

**DIRECTORS:**

D T Owen  
S Morris  
T J Bayliss  
S A Wood  
G Jones  
J R Lloyd

**SECRETARY:**

D T Owen

**REGISTERED OFFICE:**

Davela  
Llanstephen  
Llyswen  
Brecon  
Powys  
LD3 0AJ

**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 2004**

The directors present their report with the financial statements of the company for the year ended 31 May 2004.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an abattoir.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2004.

**DIRECTORS**

The directors during the year under review were:

D T Owen  
S Morris  
T J Bayliss  
S A Wood  
G Jones  
J R Lloyd

The directors holding office at 31 May 2004 did not hold any beneficial interest in the issued share capital of the company at 1 June 2003 or 31 May 2004.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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:**



.....  
D T Owen - Director

Date: .....

28/10/04

**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 2004 on pages four to twelve. These financial statements have been prepared under the historical cost convention and 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**

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

*Chancery (UK) LLP*

Date: 28.10.14

**FARMERS FRESH LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MAY 2004**

	Notes	2004 £	2003 £
<b>TURNOVER</b>		28,644,880	25,991,474
Cost of sales		24,774,200	22,500,950
<b>GROSS PROFIT</b>		3,870,680	3,490,524
Distribution costs		977,571	880,112
Administrative expenses		2,679,578	2,438,873
		3,657,149	3,318,985
		213,531	171,539
Other operating income		3,840	1,153
<b>OPERATING PROFIT</b>	3	217,371	172,692
Interest receivable and similar income		16	46
		217,387	172,738
Interest payable and similar charges	4	23,668	3,665
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		193,719	169,073
Tax on profit on ordinary activities	5	10,333	14,244
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		183,386	154,829
<b>RETAINED PROFIT FOR THE YEAR</b>		183,386	154,829

**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 and previous years.

The notes form part of these financial statements

**FARMERS FRESH LIMITED**

**BALANCE SHEET**  
**31 MAY 2004**

	Notes	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	6	625,847	554,000
<b>CURRENT ASSETS</b>			
Stocks	7	101,237	22,836
Debtors	8	2,259,926	2,572,101
Cash at bank		25,275	18,310
		<u>2,386,438</u>	<u>2,613,247</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>2,725,859</u>	<u>3,100,969</u>
<b>NET CURRENT LIABILITIES</b>		<u>(339,421)</u>	<u>(487,722)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>286,426</u>	<u>66,278</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	(33,340)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(15,867)</u>	<u>(12,445)</u>
		<u>237,219</u>	<u>53,833</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1	1
Profit and loss account	15	<u>237,218</u>	<u>53,832</u>
<b>SHAREHOLDERS' FUNDS</b>	18	<u>237,219</u>	<u>53,833</u>

**ON BEHALF OF THE BOARD:**



.....  
D T Owen - Director

Approved by the Board on 28/10/04 .....

The notes form part of these financial statements

## **FARMERS FRESH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MAY 2004**

#### **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 as incurred.

#### **2. STAFF COSTS**

	2004 £	2003 £
Wages and salaries	1,292,806	1,116,657
Social security costs	131,407	105,238
	<hr/>	<hr/>
	1,424,213	1,221,895
	<hr/>	<hr/>

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

	2004	2003
Production	47	40
Administration	5	5
	<hr/>	<hr/>
	52	45
	<hr/>	<hr/>



**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2004**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Hire of plant and machinery	12,056	19,929
Depreciation - owned assets	139,967	186,846
Depreciation - assets on hire purchase contracts	17,979	404
Profit on disposal of fixed assets	(2,128)	-
Auditors remuneration: audit work	4,000	5,000
	<u>          </u>	<u>          </u>
Directors' emoluments	-	-
	<u>          </u>	<u>          </u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2004	2003
	£	£
Bank interest	19,238	3,665
Hire purchase	4,430	-
	<u>          </u>	<u>          </u>
	23,668	3,665
	<u>          </u>	<u>          </u>

**5. TAXATION**

**Analysis of the tax charge**

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

	2004	2003
	£	£
Current tax:		
UK corporation tax	6,911	-
Prior year underprovision	-	175
	<u>          </u>	<u>          </u>
Total current tax	6,911	175
	<u>          </u>	<u>          </u>
Deferred tax:		
Accelerated capital allowances	3,422	3,477
Unrelieved tax losses	-	10,511
Change in tax rate	-	81
	<u>          </u>	<u>          </u>
Total deferred tax	3,422	14,069
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	<u>10,333</u>	<u>14,244</u>

**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2004**

**5. TAXATION - continued**

**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:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>193,719</u>	<u>169,073</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 - 19%)	36,807	32,124
Effects of:		
Disallowed expenditure	1,021	35
Trading losses brought forward	-	(10,511)
Group relief	(26,175)	(17,792)
Marginal relief	-	(380)
Temporary differences	(4,742)	(3,476)
Prior year underprovision	-	175
Current tax charge	<u>6,911</u>	<u>175</u>

**6. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 June 2003	222,130	710,982	71,232
Additions	24,539	155,349	44,228
Disposals	-	(4,950)	-
At 31 May 2004	<u>246,669</u>	<u>861,381</u>	<u>115,460</u>
<b>DEPRECIATION</b>			
At 1 June 2003	79,262	353,880	24,901
Charge for year	33,481	102,491	18,112
Eliminated on disposal	-	(2,228)	-
At 31 May 2004	<u>112,743</u>	<u>454,143</u>	<u>43,013</u>
<b>NET BOOK VALUE</b>			
At 31 May 2004	<u>133,926</u>	<u>407,238</u>	<u>72,447</u>
At 31 May 2003	<u>142,868</u>	<u>357,102</u>	<u>46,331</u>

**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2004**

**6. TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 June 2003	15,900	27,831	1,048,075
Additions	10,500	-	234,616
Disposals	(6,000)	-	(10,950)
At 31 May 2004	20,400	27,831	1,271,741
<b>DEPRECIATION</b>			
At 1 June 2003	8,480	27,553	494,076
Charge for year	3,584	278	157,946
Eliminated on disposal	(3,900)	-	(6,128)
At 31 May 2004	8,164	27,831	645,894
<b>NET BOOK VALUE</b>			
At 31 May 2004	12,236	-	625,847
At 31 May 2003	7,420	278	553,999

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

	Plant and machinery £
<b>COST</b>	
At 1 June 2003	24,210
Additions	66,089
At 31 May 2004	90,299
<b>DEPRECIATION</b>	
At 1 June 2003	404
Charge for year	17,979
At 31 May 2004	18,383
<b>NET BOOK VALUE</b>	
At 31 May 2004	71,916
At 31 May 2003	23,806

**7. STOCKS**

	2004 £	2003 £
Stocks	101,237	22,836

**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2004**

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Trade debtors	2,115,144	2,421,239
Other debtors	2,032	3,209
Amounts due from Farmers Ferry Limited	-	50,000
Amounts owing from group companies	114,000	-
Prepayments	28,750	97,653
	<u>2,259,926</u>	<u>2,572,101</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Bank loans and overdrafts (see note 11)	830,347	939,922
Hire purchase contracts (see note 12)	28,884	-
Trade creditors	945,961	1,126,274
Tax	6,911	-
Social security and other taxes	34,771	30,616
VAT	19,976	17,341
Amounts due to group companies	675,075	827,947
Accruals and deferred income	183,934	158,869
	<u>2,725,859</u>	<u>3,100,969</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2004	2003
	£	£
Hire purchase contracts (see note 12)	<u>33,340</u>	<u>-</u>

**11. LOANS**

An analysis of the maturity of loans is given below:

	2004	2003
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>830,347</u>	<u>939,922</u>

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

**12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	2004	Hire purchase contracts	2003
	£		£
Net obligations repayable:			
Within one year	28,884		-
Between one and five years	33,340		-
	<u>62,224</u>		<u>-</u>

**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2004**

**12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued**

The following payments are committed to be paid within one year:

	2004 £	Land and buildings operating leases 2003 £
Expiring: Between one and five years	115,000	115,000

**13. PROVISION FOR LIABILITIES AND CHARGES**

	2004 £	2003 £
Deferred tax Accelerated capital allowances	15,867	12,445
		Deferred tax £
Balance at 1 June 2003		12,445
Accelerated capital allowances		3,422
Balance at 31 May 2004		15,867

**14. CALLED UP SHARE CAPITAL**

Authorised: Number:	Class:	Nominal value:	2004 £	2003 £
100	Ordinary	£1	100	100
Allotted, issued and fully paid: Number:	Class:	Nominal value:	2004 £	2003 £
1	Ordinary	£1	1	1

**15. RESERVES**

	Profit and loss account £
At 1 June 2003	53,832
Retained profit for the year	183,386
At 31 May 2004	237,218

**FARMERS FRESH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2004**

**16. 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.

**17. 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
- Remuneration in the form of consultancy fees
- Rent (The company leases its premises from J & S A Wood at a rent of £115,000 per annum)

The amounts involved are as follows:

Name	Amount
	£
T J Bayliss	23,535
S & A Wood/J & SA Wood (in which S A Wood is a partner)	172,977
D T Owen	48,792
Lloyd & Son	142,957
S Morris	57,777

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2004	2003
	£	£
Profit for the financial year	183,386	154,829
<b>Net addition to shareholders' funds</b>	183,386	154,829
Opening shareholders' funds	53,833	(100,996)
<b>Closing shareholders' funds</b>	237,219	53,833
Equity interests	237,219	53,833