

Company Registration No. 4307559 (England and Wales)

FUSION FOODS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003



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COMPANIES HOUSE 04/08/04

FUSION FOODS LIMITED

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FUSION FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company is that of food importers and distributors.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 January 2003:

P Anuchiracheeva
R J Stokes
M J Cheadle
De-Yi Shih
C Britton
R R Miller
J P Vincent
P Ohmpornnuwat
P Chirakitchareern

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
P Anuchiracheeva	-	-
R J Stokes	28,800	28,800
M J Cheadle	28,800	28,800
De-Yi Shih	-	-
C Britton	28,800	28,800
R R Miller	28,800	28,800
J P Vincent	28,800	28,800
P Ohmpornnuwat	-	-
P Chirakitchareern	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rabjohns LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

FUSION FOODS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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;
- 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.

On behalf of the board



M J Cheadle

Director

3RD FEB 04

FUSION FOODS LIMITED

INDEPENDENT AUDITORS' REPORT TO FUSION FOODS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



Rabjohns LLP

3.2.04
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Registered Auditor

1-4 College Yard
Worcester
WR1 2LB

FUSION FOODS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Gross profit		3,450,684	92,150
Administrative expenses		(2,284,560)	(167,490)
Operating profit/(loss)	2	1,166,124	(75,340)
Other interest receivable and similar income		-	305
Interest payable and similar charges	3	(607,537)	(19,639)
Profit/(loss) on ordinary activities before taxation		558,587	(94,674)
Tax on profit/(loss) on ordinary activities	4	(208,761)	-
Profit/(loss) on ordinary activities after taxation	13	349,826	(94,674)

FUSION FOODS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	5		154,453		101,801
Current assets					
Stocks	6	19,098,177		6,334,787	
Debtors	7	8,562,152		4,032,407	
Cash at bank and in hand		66,375		32,656	
		<u>27,726,704</u>		<u>10,399,850</u>	
Creditors: amounts falling due within one year	8	<u>(27,308,871)</u>		<u>(10,296,325)</u>	
Net current assets			417,833		103,525
Total assets less current liabilities			<u>572,286</u>		<u>205,326</u>
Creditors: amounts falling due after more than one year	9		(9,364)		-
Provisions for liabilities and charges	10		<u>(7,770)</u>		-
			<u>555,152</u>		<u>205,326</u>
Capital and reserves					
Called up share capital	12		300,000		300,000
Profit and loss account	13		255,152		(94,674)
Shareholders' funds - equity interests	14		<u>555,152</u>		<u>205,326</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 3 February 2004


M J Cheadle
Director


J P Vincent
Director

FUSION FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003	2002
	£	£
Net cash outflow from operating activities	(4,534,095)	(1,718,602)
Returns on investments and servicing of finance		
Interest received	-	305
Interest paid	(607,537)	(19,639)
Net cash outflow for returns on investments and servicing of finance	(607,537)	(19,334)
Capital expenditure		
Payments to acquire tangible assets	(90,890)	(103,943)
Net cash outflow for capital expenditure	(90,890)	(103,943)
Net cash outflow before management of liquid resources and financing	(5,232,522)	(1,841,879)
Financing		
Issue of ordinary share capital	-	300,000
Other new short term loans	5,266,241	1,574,535
Net cash inflow from financing	5,266,241	1,874,535
Increase in cash in the year	33,719	32,656

FUSION FOODS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit/(loss) to net cash outflow from operating activities	2003	2002
		£	£
	Operating profit/(loss)	1,166,123	(75,340)
	Depreciation of tangible assets	56,966	2,142
	Increase in stocks	(12,763,390)	(6,334,787)
	Increase in debtors	(4,529,745)	(4,032,407)
	Increase in creditors within one year	11,535,951	8,721,790
	Net cash outflow from operating activities	(4,534,095)	(1,718,602)

2	Analysis of net debt	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	32,656	33,719	-	66,375
	Debt:				
	Finance leases	-	(18,728)	-	(18,728)
	Debts falling due within one year	(1,574,535)	(5,266,241)	-	(6,840,776)
		(1,574,535)	(5,284,969)	-	(6,859,504)
	Net debt	(1,541,879)	(5,251,250)	-	(6,793,129)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase in cash in the year	33,719	32,656
	Cash inflow from increase in debt and lease financing	(5,284,969)	(1,574,535)
	Movement in net debt in the year	(5,251,250)	(1,541,879)
	Opening net debt	(1,541,879)	-
	Closing net debt	(6,793,129)	(1,541,879)

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	20% straight line
Fixtures, fittings & equipment	33.3% straight line
Motor vehicles	20% straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset would have been recognised as the conditions for recognition would not have been satisfied.

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

2	Operating profit/(loss)	2003	2002
		£	£
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	56,966	2,142
	Operating lease rentals	55,631	4,189
	Auditors' remuneration	13,255	4,000
		<u>125,852</u>	<u>10,331</u>
3	Interest payable	2003	2002
		£	£
	Hire purchase interest	2,029	-
	Other interest	605,508	19,639
		<u>607,537</u>	<u>19,639</u>

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

4	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	200,991	-
	Current tax charge	200,991	-
	Deferred tax		
	Deferred tax charge/credit current year	29,195	-
	Deferred tax adjustment previous year	(21,425)	-
		7,770	-
		208,761	-
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	558,586	(94,674)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002 : 30.00%)	167,576	(28,402)
	Effects of:		
	Non deductible expenses	51,581	6,924
	Depreciation add back	18,245	642
	Capital allowances	(14,865)	(710)
	Tax losses utilised	(21,546)	21,546
		33,415	28,402
	Current tax charge	200,991	-

The company has estimated losses of £ nil (2002 : £ 71,900) available for carry forward against future trading profits.

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2003	33,341	61,629	8,972	103,942
Additions	31,046	60,367	22,054	113,467
	<u>64,387</u>	<u>121,996</u>	<u>31,026</u>	<u>217,409</u>
Depreciation				
At 1 January 2003	781	1,360	-	2,141
Charge for the year	13,098	37,375	10,342	60,815
	<u>13,879</u>	<u>38,735</u>	<u>10,342</u>	<u>62,956</u>
Net book value				
At 31 December 2003	<u>50,508</u>	<u>83,261</u>	<u>20,684</u>	<u>154,453</u>
At 31 December 2002	<u>32,560</u>	<u>60,269</u>	<u>8,972</u>	<u>101,801</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2003	<u>20,684</u>
Depreciation charge for the year	
31 December 2003	<u>10,342</u>

6 Stocks

	2003 £	2002 £
Raw materials and consumables	<u>19,098,177</u>	<u>6,334,787</u>

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

7 Debtors	2003	2002
	£	£
Trade debtors	8,141,046	3,898,153
Amounts owed by parent and fellow subsidiary undertakings	13,524	-
Other debtors	407,582	134,254
	<u>8,562,152</u>	<u>4,032,407</u>

Trade debtors are subject to invoice discounting.

8 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	6,840,777	1,574,535
Net obligations under hire purchase contracts	9,364	-
Trade creditors	1,002,734	603,318
Amounts owed to parent and fellow subsidiary undertakings	-	2,942,874
Amounts owed to subsidiary undertakings	18,944,876	5,029,700
Corporation tax	200,991	-
Other taxes and social security costs	38,179	25,969
Accruals and deferred income	271,950	119,929
	<u>27,308,871</u>	<u>10,296,325</u>

There is a fixed charge on purchased debts which fail to vest, dated 6 December 2002.

There is a general letter of pledge with HSBC Bank plc dated 7 October 2002.

There is also a debenture with HSBC dated 7 October 2002 which includes a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and a first floating charge over all assets and undertakings both present and future.

9 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Net obligations under hire purchase contracts	<u>9,364</u>	<u>-</u>
Net obligations under hire purchase contracts		
Repayable within one year	9,364	-
Repayable between one and five years	9,364	-
	<u>18,728</u>	<u>-</u>
Included in liabilities falling due within one year	<u>(9,364)</u>	<u>-</u>
	<u>9,364</u>	<u>-</u>

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

10 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	7,770
Balance at 31 December 2003	<u>7,770</u>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	(2,280)	-
Other timing differences	10,050	-
	<u>7,770</u>	<u>-</u>

11 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>44,296</u>	<u>-</u>

12 Share capital

	2003 £	2002 £
Authorised		
300,000 Ordinary shares of £ 1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid		
300,000 Ordinary shares of £ 1 each	<u>300,000</u>	<u>300,000</u>

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2003	(94,674)
Retained profit for the year	349,826
Balance at 31 December 2003	<u>255,152</u>

14 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(Loss) for the financial year	349,826	(94,674)
Proceeds from issue of shares	-	300,000
Net addition to shareholders' funds	<u>349,826</u>	<u>205,326</u>
Opening shareholders' funds	205,326	-
Closing shareholders' funds	<u>555,152</u>	<u>205,326</u>

15 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Between two and five years	-	-	84,349	48,385
In over five years	47,500	47,500	-	-
	<u>47,500</u>	<u>47,500</u>	<u>84,349</u>	<u>48,385</u>

FUSION FOODS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

16 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	400,528	34,913
Company pension contributions to money purchase schemes	44,296	-
	<u>444,824</u>	<u>34,913</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	103,322	-
Company pension contributions to money purchase schemes	11,244	-
	<u>114,566</u>	<u>-</u>

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration and directors	<u>26</u>	<u>22</u>

Employment costs

	£	£
Wages and salaries	1,079,374	76,350
Social security costs	41,808	7,380
Other pension costs	44,296	-
	<u>1,165,478</u>	<u>83,730</u>

18 Ultimate parent company

The ultimate controlling party of the company is Charoen Pokphand Foods Public Company Limited, a company incorporated in Thailand, by virtue of its majority shareholding.

19 Post balance sheet events

After the year end, following the detection of some instances of avian bird flu in Thailand the EU imposed a temporary ban on the importation of raw, fresh chicken produced in 2004. Raw, fresh chicken sales comprised 14% of the company's turnover for 2003.