

**CP Foods (UK) Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 4307559**

**Year ended 31 December 2012**



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## **Directors' report**

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

### **Principal activities**

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

### **Business review**

The directors believe the results for the year show a satisfactory performance

Increased raw material costs and sterling remaining relatively weak created a tough trading environment. As a result sales were down slightly on last year but margins were able to be maintained.

Investment into a new market sector will be completed within the first half of 2013 creating a new business area for the company in the second half of the year.

During the year the company set up a Representative Office in Bangkok. The Office will cover all aspects of our business in Thailand, ensuring resource is situated geographically in the most appropriate place and improving communication and efficiencies in all processes.

### **Principal risks and uncertainties**

The financial risks of the Company and their management are described below.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of movements in exchange rates, changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that is described below.

#### **Exchange rate risk**

The Company may from time-to-time use derivative financial instruments to manage exchange rate risk where it has significant exposure in a foreign currency.

#### **Credit risk**

The Company insures all of its customers against the risk of them failing. In exceptional circumstances, after thorough consideration of the credit history of an individual customer, the Company may sell to a customer outside of the credit risk insurance policy.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

#### **Interest rate cash flow risk**

The Company factors the cost of finance into all of its transactions. With interest rates having remained stable for a number of years and no obvious indications that this will change in the short to medium term, the Company feels their exposure to material interest rate changes is low.

## Directors' report *(continued)*

### Dividends

Dividends paid during the year comprise a final dividend of £1,106,000 in respect of the year ended 31 December 2011 (*2011 in respect of 2010 £1,416,000*)

### Directors

The directors who held office during the year were

P Anuchiracheeva  
RJ Stokes  
MJ Cheadle  
De-Yi Shih  
C Britton  
RR Miller  
JP Vincent  
P Ohmpornnuwat  
P Chirakitcharern  
Mr P Chalongchaichan  
Mr S Lasomboon

### Political and charitable contributions

During the year, the Company made charitable donations of £19,888 (*2011 £30,359*) The Company made no political donations in either the current or preceding year

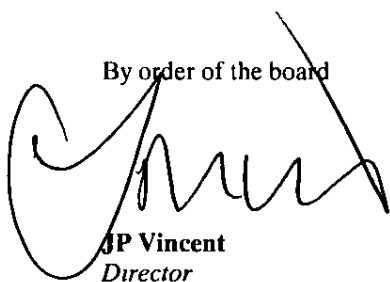
### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board



JP Vincent  
Director

Avon House  
Hartlebury Trading Estate  
Hartlebury  
Near Kidderminster  
Worcestershire  
DY10 4JB

19A  
March 2013

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of CP Foods (UK) Limited**

We have audited the financial statements of CP Foods (UK) Limited for the year ended 31 December 2012 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter 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.

## **Independent auditor's report to the members of CP Foods (UK) Limited** *(continued)*

### **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, 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



**Darren Turner (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

19 March 2013

**Consolidated profit and loss account**  
*for the year ended 31 December 2012*

|  | <i>Note</i> | <b>2012</b><br><b>£000</b> | 2011<br>£000     |
|--|-------------|----------------------------|------------------|
| <b>Turnover</b>  | 2           | <b>128,689</b>             | 135,198          |
| Cost of sales  |             | <u>(112,888)</u>           | <u>(120,517)</u> |
| <b>Gross profit</b>  |             | <b>15,801</b>              | 14,681           |
| Administrative expenses  |             | <u>(12,493)</u>            | <u>(10,775)</u>  |
| <b>Operating profit</b>  |             | <b>3,308</b>               | 3,906            |
| Interest payable and similar charges   | 6           | <u>(543)</u>               | <u>(875)</u>     |
| <b>Profit on ordinary activities before taxation</b>                           | 3           | <b>2,765</b>               | 3,031            |
| Tax on profit on ordinary activities   | 7           | <u>(708)</u>               | <u>(819)</u>     |
| <b>Profit on ordinary activities after taxation and for the financial year</b> | 16          | <u><b>2,057</b></u>        | <u>2,212</u>     |

All of the above relates to continuing operations

There were no recognised gains and losses for the current and preceding year other than the profit as presented above

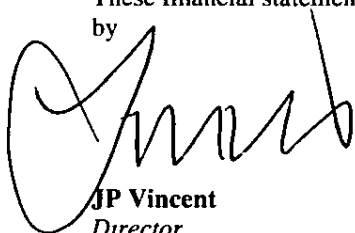
The notes on pages 10 to 22 form part of these financial statements



**Consolidated balance sheet**  
*at 31 December 2012*

|   | <i>Note</i> | <b>2012</b><br><b>£000</b> | <b>2011</b><br><b>£000</b> |
|---|-------------|----------------------------|----------------------------|
| <b>Fixed assets</b>                                   |             |                            |                            |
| Tangible assets                                       | 9           | 2,019                      | 1,601                      |
| <b>Current assets</b>                                 |             |                            |                            |
| Stocks  | 11          | 32,908                     | 27,864                     |
| Debtors   | 12          | 30,036                     | 28,907                     |
| Cash at bank and in hand                              |             | 1,132                      | 1,429                      |
|   |             | <b>64,076</b>              | <b>58,200</b>              |
| <b>Creditors*</b> Amounts falling due within one year | 13          | <b>(55,009)</b>            | <b>(49,608)</b>            |
| <b>Net current assets</b>                             |             | <b>9,067</b>               | <b>8,592</b>               |
| <b>Total assets less current liabilities</b>          |             | <b>11,086</b>              | <b>10,193</b>              |
| <b>Provisions for liabilities and charges</b>         | 14          | <b>(28)</b>                | <b>(86)</b>                |
| <b>Net assets</b>                                     |             | <b>11,058</b>              | <b>10,107</b>              |
| <b>Capital and reserves</b>                           |             |                            |                            |
| Called up share capital                               | 15          | 300                        | 300                        |
| Profit and loss account                               | 16          | 10,758                     | 9,807                      |
| <b>Shareholders' funds</b>                            | 17          | <b>11,058</b>              | <b>10,107</b>              |

These financial statements were approved by the board of directors on 17<sup>th</sup> March 2013 and were signed on its behalf by

  
**JP Vincent**  
*Director*

Company number 4307559

**Company balance sheet**  
*at 31 December 2012*

|   | <i>Note</i> | <b>2012</b><br><b>£000</b> | <b>£000</b>   | <b>2011</b><br><b>£000</b> | <b>£000</b>   |
|---|-------------|----------------------------|---------------|----------------------------|---------------|
| <b>Fixed assets</b>                                   |             |                            |               |                            |               |
| Tangible assets                                       | 9           |                            | 2,019         |                            | 1,601         |
| Investments   | 10          |                            | -             |                            | -             |
|   |             |                            | <u>2,019</u>  |                            | <u>1,601</u>  |
| <b>Current assets</b>                                 |             |                            |               |                            |               |
| Stocks  | 11          | 32,908                     |               | 27,864                     |               |
| Debtors   | 12          | 30,036                     |               | 28,907                     |               |
| Cash at bank and in hand                              |             | 1,126                      |               | 1,423                      |               |
|   |             | <u>64,070</u>              |               | <u>58,194</u>              |               |
| <b>Creditors: Amounts falling due within one year</b> | 13          | <u>(55,031)</u>            |               | <u>(49,630)</u>            |               |
| <b>Net current assets</b>                             |             |                            | <b>9,039</b>  |                            | <b>8,564</b>  |
| <b>Total assets less current liabilities</b>          |             |                            | <b>11,058</b> |                            | <b>10,165</b> |
| <b>Provisions for liabilities and charges</b>         | 14          |                            | <b>(28)</b>   |                            | <b>(86)</b>   |
| <b>Net assets</b>                                     |             |                            | <b>11,030</b> |                            | <b>10,079</b> |
| <b>Capital and reserves</b>                           |             |                            |               |                            |               |
| Called up share capital                               | 15          |                            | 300           |                            | 300           |
| Profit and loss account                               | 16          |                            | 10,730        |                            | 9,779         |
| <b>Shareholders' funds</b>                            | 17          |                            | <b>11,030</b> |                            | <b>10,079</b> |

These financial statements were approved by the board of directors on 19<sup>th</sup> March 2013 and were signed on its behalf by

  
**JP Vincent**  
Director

Company number 4307559

**Consolidated cash flow statement**  
*for the year ended 31 December 2012*

|  | <i>Note</i> | <b>2012</b><br><b>£000</b> | 2011<br>£000 |
|--|-------------|----------------------------|--------------|
| Net cash inflow/(outflow) from operating activities        | 21          | 4,135                      | (606)        |
| Returns on investments and servicing of finance            | 22          | (576)                      | (1,530)      |
| Taxation   |             | (1,034)                    | (1,061)      |
| Capital expenditure  | 22          | (1,090)                    | (564)        |
| Dividends paid on shares classified in shareholders' funds |             | (1,106)                    | (1,417)      |
| Cash inflow/(outflow) before financing                     |             | 329                        | (5,178)      |
| Financing  | 22          | 282                        | 3,721        |
| Increase/(decrease) in cash in the year                    |             | 611                        | (1,457)      |

**Reconciliation of net cash flow to movement in net debt**  
*for the year ended 31 December 2012*

|  | <i>Note</i> | <b>2012</b><br><b>£000</b> | 2011<br>£000 |
|--|-------------|----------------------------|--------------|
| Increase/(decrease) in cash in the year              |             | 611                        | (1,457)      |
| Cash outflow from change in debt and lease financing |             | (282)                      | (3,721)      |
| Movement in net debt in the year                     |             | 329                        | (5,178)      |
| Net debt at the start of the year                    |             | (16,157)                   | (10,979)     |
| Net debt at the end of the year                      | 23          | (15,828)                   | (16,157)     |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### ***Basis of preparation***

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

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of CP Foods (UK) Limited and its subsidiary undertakings made up to 31 December 2012. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under s408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

#### ***Going concern***

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the directors' report on page 1.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The directors, having assessed the responses of the directors of the company's parent Charoen Pokphand Foods Public Company Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CP Foods (UK) Limited Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Charoen Pokphand Foods Public Company Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost, less the estimated residual value of tangible fixed assets by equal instalments over their expected useful lives, as follows:

|                                  |              |
|----------------------------------|--------------|
| Short leasehold improvements     | 3 – 5 years  |
| Fixtures, fittings and equipment | 2 – 10 years |
| Motor vehicles                   | 3 years      |

#### ***Investments***

Fixed asset investments are shown at cost less provisions for impairment.

#### ***Foreign currencies***

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

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Dividends on shares presented within equity*

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 company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Turnover*

Turnover represents the invoiced value, net of value added tax, of goods sold to customers.

#### *Cash*

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

### 2 Analysis of turnover

#### *By geographical market*

|                | 2012<br>£000        | 2011<br>£000        |
|----------------|---------------------|---------------------|
| United Kingdom | 118,386             | 120,603             |
| Rest of Europe | 10,303              | 14,595              |
|                | <hr/> 128,689 <hr/> | <hr/> 135,198 <hr/> |

There is only one class of business being food importers and distributors.

## Notes (continued)

### 3 Notes to the profit and loss account

|   | 2012<br>£000 | 2011<br>£000 |
|---|--------------|--------------|
| <i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i> |              |              |
| Depreciation of tangible fixed assets   |              |              |
| Owned assets  | 672          | 506          |
| Hire of other assets – operating leases   | 832          | 664          |
| Gain on disposal of fixed assets  | -            | (3)          |
|   | <hr/>        | <hr/>        |
| <i>Auditor's remuneration</i>   |              |              |
| Audit of these financial statements   | 54           | 38           |
| Amounts receivable by the auditor and their associates in respect of                      |              |              |
| Audit of the financial statements of subsidiaries   | -            | 15           |
| Other services – relating to taxation   | 7            | 5            |
| Other services – quarterly group reporting  | 10           | 10           |
|   | <hr/>        | <hr/>        |

### 4 Remuneration of directors

|   | 2012<br>£000 | 2011<br>£000 |
|---|--------------|--------------|
| Directors' emoluments                                   | 1,092        | 1,131        |
| Company contributions to money purchase pension schemes | 75           | 70           |
|   | <hr/>        | <hr/>        |
|   | 1,167        | 1,201        |
|   | <hr/>        | <hr/>        |

The aggregate of emoluments of the highest paid director was £207,001 (2011 £215,876) and company pension contributions of £15,934 (2011 £15,674) were made to a money purchase pension scheme on his behalf

|   | Number of directors<br>2012 | 2011  |
|---|-----------------------------|-------|
| Retirement benefits accruing to the following number of directors under |                             |       |
| Money purchase schemes  | 6                           | 6     |
|   | <hr/>                       | <hr/> |

### 5 Staff numbers and costs

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

|                              | Number of employees<br>2012 | 2011  |
|------------------------------|-----------------------------|-------|
| Administration and directors | 195                         | 175   |
|                              | <hr/>                       | <hr/> |

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

|                       | 2012<br>£000 | 2011<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 5,144        | 5,425        |
| Social security costs | 606          | 501          |
| Other pension costs   | 433          | 375          |
|                       | <u>6,183</u> | <u>6,301</u> |

### 6 Interest payable and similar charges

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| Interest on bank loans                 | 543          | 397          |
| Interest payable to group undertakings | -            | 478          |
|  | <u>543</u>   | <u>875</u>   |

### 7 Taxation

#### Group

#### Analysis of charge in year

|  | 2012<br>£000 | £000       | 2011<br>£000 | £000       |
|--|--------------|------------|--------------|------------|
| <i>UK corporation tax</i>                    |              |            |              |            |
| Current tax on income for the year           | 766          |            | 852          |            |
| Adjustments in respect of previous years     | -            |            | (30)         |            |
|  | <u>766</u>   |            | <u>822</u>   |            |
| Total current tax charge                     |              | 766        |              | 822        |
| <i>Deferred tax (see note 14)</i>            |              |            |              |            |
| (Origination)/reversal of timing differences | (61)         |            | (20)         |            |
| Effect of changes in tax rates               | (2)          |            | (7)          |            |
| Adjustments in respect of previous years     | 5            |            | 24           |            |
|  | <u>(58)</u>  |            | <u>(3)</u>   |            |
| Total deferred tax credit                    |              | (58)       |              | (3)        |
| Tax on profit on ordinary activities         |              | <u>708</u> |              | <u>819</u> |

## Notes (continued)

### 7 Taxation (continued)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK 24.5% (2011 26.5%). The differences are explained below

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| <i>Current tax reconciliation</i>                  |              |              |
| Profit on ordinary activities before taxation      | 2,765        | 3,031        |
|  | <hr/>        | <hr/>        |
| Current tax at 24.5% (2011 26.5%)                  | 677          | 803          |
| <i>Effects of</i>                                  |              |              |
| Expenses not deductible for tax purposes           | 31           | 28           |
| Capital allowances for year less than depreciation | 58           | 25           |
| Depreciation on ineligible                         | -            | -            |
| Other timing differences                           | -            | (4)          |
| Adjustments in respect of previous years           | -            | (30)         |
|  | <hr/>        | <hr/>        |
| Total current tax charge (see above)               | 766          | 822          |
|  | <hr/>        | <hr/>        |

#### Factors that may affect future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014, and the December 2012 Autumn Statement announced a planned further reduction to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liability accordingly.

### 8 Dividends

The aggregate amount of dividends comprises

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| Final dividends paid in respect of prior year but not recognised as liabilities in that year | 1,106        | 1,417        |
|  | <hr/>        | <hr/>        |



## Notes (continued)

### 9 Tangible fixed assets

#### Group and company

|                       | Short<br>leasehold<br>improvements<br>£000 | Fixtures,<br>fittings and<br>equipment<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|-----------------------|--|--|---------------------------|---------------|
| <b>Cost</b>           |  |  |                           |               |
| At beginning of year  | 116  | 4,833  | 42                        | 4,991         |
| Additions             | 148  | 935  | 7                         | 1,090         |
| Disposals             | -  | (1)  | -                         | (1)           |
| At end of year        | 264  | 5,767  | 49                        | 6,080         |
| <b>Depreciation</b>   |  |  |                           |               |
| At beginning of year  | 111  | 3,258  | 21                        | 3,390         |
| Charge for the year   | 26   | 636  | 10                        | 672           |
| Disposals             | -  | (1)  | -                         | (1)           |
| At end of year        | 137  | 3,893  | 31                        | 4,061         |
| <b>Net book value</b> |  |  |                           |               |
| At 31 December 2012   | 127  | 1,874  | 18                        | 2,019         |
| At 31 December 2011   | 5  | 1,575  | 21                        | 1,601         |

### 10 Fixed asset investments

#### Company

|                              | Shares in group<br>undertakings<br>£ |
|------------------------------|--------------------------------------|
| <b>Cost</b>                  |                                      |
| At beginning of year         | 60                                   |
| Additions                    | -                                    |
| Disposals                    | (10)                                 |
| At end of year               | 50                                   |
| <b>Provisions</b>            |                                      |
| At beginning and end of year | -                                    |
| <b>Net book value</b>        |                                      |
| At 31 December 2012          | 50                                   |
| At 31 December 2011          | 60                                   |

## Notes (continued)

### 10 Fixed asset investments (continued)

At the end of the year, the company had the following subsidiary undertakings, all of which are wholly-owned and all of which have been included in the consolidated financial statements of the group

| Subsidiary                 | Principal activity              | Percentage of shares held | Class of share |
|----------------------------|---------------------------------|---------------------------|----------------|
| Fusion Abbey Park Limited  | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Alfrick Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Bracewell Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Bransford Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Broadway Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Brothwood Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Calis Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Carnoustie Limited  | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Charlton Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Crowle Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Dalaman Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Defford Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Dormington Limited  | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Driscoll Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Dumbleton Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Eastoe Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Elmbridge Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Everton Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Exning Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Fethiye Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Gatley Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Gocek Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Gray Limited        | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Harper Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Hartford Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Hawstead Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Head Street Limited | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Heath Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Irvine Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Kaitia Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Kroma Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Krone Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Lineker Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Littleworth Limited | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Madeley Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion McMahon Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Mountfield Limited  | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Moyes Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Newlands Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Niamh Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Pershore Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Priest Lane Limited | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Ratchiffe Limited   | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Reid Limited        | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Richardson Limited  | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Samui Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Sharp Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Sheedy Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Soham Limited       | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Southall Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Stevens Limited     | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Thetford Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Turgay Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Uzumlu Limited      | Food importers and distributors | 100%                      | Ordinary       |

## Notes (continued)

### 10 Fixed asset investments (continued)

| Subsidiary                   | Principal activity              | Percentage of shares held | Class of share |
|------------------------------|---------------------------------|---------------------------|----------------|
| Fusion Van Den Hauwe Limited | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Wadborough Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Wellington Limited    | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Whistler Limited      | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Wright Limited        | Food importers and distributors | 100%                      | Ordinary       |
| Fusion Yamac Limited         | Food importers and distributors | 100%                      | Ordinary       |

Under s479A to s479C of the Companies Act 2006, all of the above subsidiaries are taking advantage of an audit exemption for the year ended 31 December 2012 due to the existence of individual Company's guarantees of all liabilities for each of the above subsidiaries for the year ended 31 December 2012

#### Disposals

During the year ending 31 December 2012, the following investments in subsidiaries of CP Foods (UK) Limited were merged and dissolved with proceeds received of £1 for each investment:

- Fusion Guarlford Limited, Fusion Grimley Limited, Fusion Hadzor Limited and Fusion Hallow Limited were merged with Fusion Elmbridge Limited and dissolved. Fusion Elmbridge Limited had acquired these companies on 21 September 2011
- Fusion Haddenham Limited and Fusion Haverhill Limited were merged with Fusion Exning Limited and dissolved. Fusion Exning Limited had acquired these companies on 28 April 2011
- Fusion Saxham Limited and Fusion Swaffham Limited were merged with Fusion Hawstead Limited and dissolved. Fusion Hawstead Limited had acquired these companies on 28 April 2011
- Fusion Lidgate Limited and Fusion Stowmarket Limited were merged with Fusion Soham Limited and dissolved. Fusion Sowham Limited had acquired these companies on 28 April 2011

### 11 Stocks

#### Group and company

|                               | 2012<br>£000 | 2011<br>£000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 32,908       | 27,864       |

### 12 Debtors

#### Group and company

|               | 2012<br>£000  | 2011<br>£000  |
|---------------|---------------|---------------|
| Trade debtors | 28,282        | 27,302        |
| Other debtors | 1,138         | 1,138         |
| Prepayments   | 616           | 467           |
|               | <u>30,036</u> | <u>28,907</u> |

Trade debtors are subject to invoice discounting with full recourse to the company and therefore are still shown on the company's balance sheet

## Notes (continued)

### 13 Creditors: Amounts falling due within one year

#### Group

|                                     | 2012<br>£000  | 2011<br>£000  |
|-------------------------------------|---------------|---------------|
| Bank loans and overdrafts (secured) | 16,960        | 17,586        |
| Trade creditors                     | 2,618         | 2,912         |
| Amounts owed to group undertakings  | 32,410        | 24,938        |
| Corporation tax                     | 394           | 666           |
| Other taxation and social security  | 157           | 151           |
| Other creditors                     | 647           | 925           |
| Accruals and deferred income        | 1,823         | 2,430         |
|                                     | <u>55,009</u> | <u>49,608</u> |

#### Company

|                                     | 2012<br>£000  | 2011<br>£000  |
|-------------------------------------|---------------|---------------|
| Bank loans and overdrafts (secured) | 16,960        | 17,586        |
| Trade creditors                     | 2,618         | 2,912         |
| Amounts owed to group undertakings  | 32,432        | 24,960        |
| Corporation tax                     | 394           | 666           |
| Other taxation and social security  | 157           | 151           |
| Other creditors                     | 647           | 925           |
| Accruals and deferred income        | 1,823         | 2,430         |
|                                     | <u>55,031</u> | <u>49,630</u> |

Bank loans and overdrafts are secured by way of a debenture containing a fixed and floating charge over the company's assets

### 14 Provisions for liabilities and charges

#### Group and company

|   | Deferred<br>taxation<br>£000 |
|---|------------------------------|
| Deferred tax liability at beginning of year             | 86                           |
| Credit to the profit and loss for the year (see note 7) | (58)                         |
|   | <u>28</u>                    |
| <b>Deferred tax liability at end of year</b>            | <b>28</b>                    |

The elements of deferred taxation are as follows

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| Difference between accumulated depreciation and capital allowances | 40           | 93           |
| Other timing differences   | (12)         | (7)          |
|  | <u>28</u>    | <u>86</u>    |

## Notes (continued)

### 15 Called up share capital

#### Group and company

|   | 2012<br>£000 | 2011<br>£000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid</i><br>300,000 ordinary shares of £1 each | <b>300</b>   | <b>300</b>   |

### 16 Reserves

#### Group

|   | Profit and<br>loss account<br>£000 |
|---|------------------------------------|
| At beginning of year                                  | 9,807                              |
| Profit for the financial year                         | 2,057                              |
| Dividends on shares classified as shareholders' funds | (1,106)                            |
| <b>At end of year</b>                                 | <b>10,758</b>                      |

#### Company

|   | Profit and<br>loss account<br>£000 |
|---|------------------------------------|
| At beginning of year                                  | 9,779                              |
| Profit for the financial year                         | 2,057                              |
| Dividends on shares classified as shareholders' funds | (1,106)                            |
| <b>At end of year</b>                                 | <b>10,730</b>                      |

### 17 Reconciliation of movements in shareholders' funds

#### Group

|   | 2012<br>£000   | 2011<br>£000 |
|---|----------------|--------------|
| Profit for the financial year                         | <b>2,057</b>   | 2,212        |
| Dividends on shares classified as shareholders' funds | <b>(1,106)</b> | (1,417)      |
| Net addition to shareholders' funds                   | <b>951</b>     | 795          |
| Opening shareholders' funds                           | <b>10,107</b>  | 9,312        |
| <b>Closing shareholders' funds</b>                    | <b>11,058</b>  | 10,107       |

## Notes (continued)

### 17 Reconciliation of movements in shareholders' funds (continued)

#### Company

|   | 2012<br>£000 | 2011<br>£000 |
|---|--------------|--------------|
| Profit for the financial year                         | 2,057        | 2,212        |
| Dividends on shares classified as shareholders' funds | (1,106)      | (1,417)      |
| Net addition to shareholders' funds                   | 951          | 795          |
| Opening shareholders' funds                           | 10,079       | 9,284        |
| Closing shareholders' funds                           | 11,030       | 10,079       |

### 18 Contingent liabilities

The group has given guarantees in favour of the following as at the year end

HM Revenue & Customs £4,000,000 (2011 £2,000,000)

The Collector of Customs & Excise for €225,000 (2011 £Nil)

Rural Payments Agency €10,750,000 (2011 £Nil)

Bangkok Bank Public Company Limited €200,000 (2011 £Nil)

### 19 Commitments

#### Group and company

(a) At 31 December 2012, the company had no capital commitments (2011 £Nil)

(b) Annual commitments under non-cancellable operating leases are as follows

|  | Land and buildings |              | Other        |              |
|--|--------------------|--------------|--------------|--------------|
|  | 2012<br>£000       | 2011<br>£000 | 2012<br>£000 | 2011<br>£000 |
| Operating leases which expire          |                    |              |              |              |
| Within one year                        | -                  | 91           | 43           | 96           |
| In the second to fifth years inclusive | 342                | 268          | 128          | 113          |
| Over five years                        | 106                | -            | -            | -            |
|  | 448                | 359          | 171          | 209          |

### 20 Pension scheme

#### Group and company

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £433,000 (2011 £375,000).

There were outstanding contributions of £32,000 (2011 £29,000) at the end of the financial year.

## Notes (continued)

### 21 Reconciliation of operating profit to net cash inflow from operating activities

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| Operating profit   | 3,308        | 3,906        |
| Depreciation charges                                       | 672          | 506          |
| Gain on disposal of fixed assets                           | -            | (3)          |
| (Increase) in stocks                                       | (5,044)      | (191)        |
| (Increase)/decrease in debtors                             | (1,129)      | 3,126        |
| Increase/(decrease) in creditors                           | 6,328        | (7,950)      |
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>4,135</b> | <b>(606)</b> |

### 22 Analysis of cash flows

|  | 2012<br>£000   | 2011<br>£000 |
|--|----------------|--------------|
| <b>Returns on investments and servicing of finance</b> |                |              |
| Interest paid  | (576)          | (1,530)      |
| <b>Capital expenditure</b>                             |                |              |
| Purchase of tangible fixed assets                      | (1,090)        | (567)        |
| Sale of fixed assets                                   | -              | 3            |
|  | <b>(1,090)</b> | <b>(564)</b> |
| <b>Financing</b>                                       |                |              |
| Movement in short term loans                           | 282            | 3,721        |

### 23 Analysis of net debt

|                                   | 1 January<br>2012<br>£000 | Cash flow<br>£000 | 31 December<br>2012<br>£000 |
|-----------------------------------|---------------------------|-------------------|-----------------------------|
| Cash at bank and in hand          | 1,429                     | (297)             | 1,132                       |
| Bank overdraft                    | (7,869)                   | 908               | (6,961)                     |
| Debts falling due within one year | (9,717)                   | (282)             | (9,999)                     |
| <b>Net debt</b>                   | <b>(16,157)</b>           | <b>329</b>        | <b>(15,828)</b>             |

### 24 Related party transactions

#### Group and company

During the year, the company has purchased goods from CPF Europe SA the immediate parent company amounting to £Nil (2011 £52,164,000), and fellow subsidiary undertakings CP Merchandising Company Limited amounting to £62,484,000 (2011 £12,612,000), CP Vietnam Corporation amounting to £188,000 (2011 £Nil) CPF Denmark AS amounting to £1,055,000 (2011 £Nil) and CP Klang Limited amounting to £28,714,000 (2011 £22,361,000) and associated Group undertaking CP Intertrade Company Limited amounting to £482 (2011 £Nil)

## Notes (continued)

### 24 Related party transactions (continued)

During the year, the company has sold goods to CPF Europe SA, the immediate parent company amounting to £175,000 (2011 £Nil), and fellow subsidiary undertakings CP Merchandising Company Limited amounting to £3,000 (2011 £Nil) and CPF Denmark AS amounting to £278,000 (2011 £Nil)

At the year end, the company owed CPF Europe SA £Nil (2011 £5,848,000), CP Merchandising Company Limited £26,608,000 (2011 £10,703,000), CP Vietnam Corporation £106,000 (2011 £Nil), CPF Denmark AS £141,000 (2011 £Nil), CP Klang Limited £5,555,000 (2011 £8,387,000) and CP Intertrade Company Limited £482 (2011 £Nil) which is included within creditors

At the year end, CP Foods UK Limited was owed £Nil (2011 £1,411) by CPF Europe SA the intermediate parent company

During the year, interest of £Nil (2011 £478,000) has been charged by CPF Europe SA relating to the amounts due  
At the year end, £Nil remains outstanding and is included within other creditors (2011 £20,000)

### 25 Ultimate parent company and parent undertaking of large group of which the company is a member

#### Group and company

The company is a subsidiary undertaking of CPF Europe SA incorporated in Belgium This is the smallest group in which the results are consolidated The consolidated financial statements of this company are available to the public and may be obtained from Avenue Belle Vue 17, 1410 Waterloo, Belgium

The largest group in which the results of the company are consolidated is headed by Charoen Pokphand Foods Public Company Limited, incorporated in Thailand The consolidated financial statements of this company are available to the public and may be obtained from 313, CP Tower, Silom Road, Bangrak, Bangkok 10500, Thailand

### 26 Ultimate controlling party

#### Group and 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