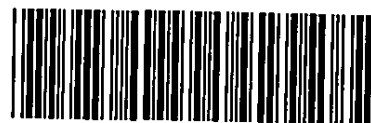


**FRESHCUT FOODS LTD**  
**DIRECTORS' REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JANUARY 2010**

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COMPANIES HOUSE

**Registration number 04584241**

Minshalls Limited  
Chartered Accountants  
370-374 Nottingham Road  
Newthorpe  
Nottinghamshire  
NG16 2ED

**FRESHCUT FOODS LTD****DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 JANUARY 2010**

The directors present their report and the financial statements for the period ended 31 January 2010

**Principal activity and review of the business**

The principal activity of the company is that of a fresh vegetable processor. There have been no significant changes to the principal activity during the period under review and the directors are not aware, at the date of this report, of any likely major changes in the next year.

**Business review**

The turnover for the period was £11,055,866 (2008 £6,699,104) and net profit was £132,535 (2008 £96,285). Gross profit percentage has increased between the reported periods from 25.3% to 26.7%.

We strive to develop repeat business relationships with clients and to maintain a leading position in the food industry. This strategy will continue for 2010 and beyond.

We are satisfied with the performance of the company for the current financial period. Sales increased by some 23% over the comparative figure, adjusted for this current extended accounting period.

To generate this increase the company obtained several high value customer accounts, possibly helped by major competitors ceasing to trade.

In addition, the company has been able to increase the gross margin by a combination of a reduction in the volatility of raw material prices seen in prior years, coupled with continuing improvements in production techniques.

We have invested £274,607 (2008 £163,039) in fixed assets in the current financial period, making a total of £437,646 in two years.

The company continues to develop both the product range and new customers all of which, in our opinion, places the company in a very strong position for the future.

**Results and dividends**

The results for the period are set out on page 5.

The directors do not recommend payment of a final dividend.

**Financial risk management objectives and policies**

The company endeavours to manage raw material prices and exposure to exchange rate fluctuation by appropriate agreements wherever possible.

**Procurement costs and maintenance of supply** - The company purchases a significant quantity of raw materials each year and incurs many other input costs such as utilities. Both of these fluctuate frequently and need to be monitored to control them. The company has price agreements with some key suppliers in place in order to reduce this risk.

**Foreign exchange rate risk** - As mentioned above, the company imports certain raw materials and has price agreements in place with suppliers which are reviewed regularly. This reduces the risk of the company suffering increased prices for raw materials.

**Regulation and litigation** - As a company manufacturing products for human consumption, we are required to meet extensive UK and EU standards set out in legislation. Failure to comply with existing or newly implemented regulatory requirements may affect our business operations, having an adverse effect on our results. In order to minimise this risk, we maintain strong technical, legal and health and safety functions which set high standards for hygiene. The company maintains strict policies with ongoing monitoring of employees and closely monitoring emerging issues in the regulatory environment.

**Directors**

The directors who served during the period are as stated below:

Mr A D Clarke

Mr P M Clee

**FRESHCUT FOODS LTD****DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 JANUARY 2010**

continued

**Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and 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 2006. 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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Auditors**

Minshalls Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on 29 June 2010 and signed on its behalf by



Mr A D Clarke  
Director

Registered office  
370-374 Nottingham Road  
Newthorpe  
Nottinghamshire  
NG16 2ED

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FRESHCUT FOODS LTD**

We have audited the financial statements of Freshcut Foods Ltd for the period ended 31 January 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and the 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 in the statement of directors' responsibilities.

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 2006. We also report to you whether, in our opinion, the information given in the directors' report 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 directors' report 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
FRESHCUT FOODS LTD**

continued

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 January 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matters prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Mr Mark Richard Minshall (Senior statutory auditor)  
For and on behalf of Minshalls Limited, Statutory Auditor  
Chartered Accountants  
Registered Auditors  
370-374 Nottingham Road  
Newthorpe  
Nottinghamshire  
NG16 2ED

Date 29 June 2010

## FRESHCUT FOODS LTD

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 JANUARY 2010**

		<b>Continuing operations</b>	
		<b>Period ended 31/01/10</b>	<b>Year ended 30/09/08</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	11,055,866	6,699,104
Cost of sales		(8,105,737)	(5,003,283)
<b>Gross profit</b>		2,950,129	1,695,821
Distribution costs		(807,317)	(551,382)
Administrative expenses		(2,020,957)	(1,158,405)
Other operating income		77,158	190,576
<b>Operating profit</b>	<b>3</b>	199,013	176,610
Other interest receivable and similar income	<b>5</b>	56	666
Interest payable and similar charges	<b>6</b>	(21,257)	(33,592)
<b>Profit on ordinary activities before taxation</b>		177,812	143,684
Tax on profit on ordinary activities	<b>9</b>	(45,900)	(47,399)
<b>Profit for the period</b>	<b>19</b>	131,912	96,285

There are no recognised gains or losses other than the profit or loss for the above two financial periods


The notes on pages 8 to 19 form an integral part of these financial statements.

## FRESHCUT FOODS LTD - 04584241

BALANCE SHEET  
AS AT 31 JANUARY 2010

	Notes	2010 £	2008 £
<b>Fixed assets</b>			
Intangible assets	10	127,012	139,579
Tangible assets	11	509,899	436,855
		<u>636,911</u>	<u>576,434</u>
<b>Current assets</b>			
Stocks	12	203,411	159,507
Debtors	13	1,134,042	555,939
Cash at bank and in hand		21,993	196,544
		<u>1,359,446</u>	<u>911,990</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,631,349)</u>	<u>(1,296,838)</u>
<b>Net current liabilities</b>		<u>(271,903)</u>	<u>(384,848)</u>
<b>Total assets less current liabilities</b>		365,008	191,586
<b>Creditors: amounts falling due after more than one year</b>	15	(40,868)	(4,320)
<b>Provisions for liabilities</b>	16	<u>(40,388)</u>	<u>(35,426)</u>
<b>Net assets</b>		<u>283,752</u>	<u>151,840</u>
<b>Capital and reserves</b>			
Called up share capital	18	5,100	5,100
Profit and loss account	19	278,652	146,740
<b>Shareholders' funds</b>	20	<u>283,752</u>	<u>151,840</u>

The financial statements were approved by the Board on 29 June 2010 and signed on its behalf by

  
Mr A D Clarke  
Director

The notes on pages 8 to 19 form an integral part of these financial statements.

## FRESHCUT FOODS LTD

CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 JANUARY 2010

	Notes	Period ended 31/01/10 £	Year ended 30/09/08 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		199,013	176,610
Depreciation		207,367	132,244
(Increase) in stocks		(43,904)	(57,721)
(Increase) in debtors		(578,103)	(110,426)
Increase in creditors		306,781	333,313
<b>Net cash inflow from operating activities</b>		<u>91,154</u>	<u>474,020</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		91,154	474,020
Returns on investments and servicing of finance	25	(21,201)	(32,926)
Taxation	25	(12,573)	(161)
Capital expenditure	25	(267,844)	(161,539)
		(210,464)	279,394
Financing	25	35,913	(189,709)
<b>Decrease in cash in the period</b>		<u>(174,551)</u>	<u>89,685</u>
<b>Reconciliation of net cash flow to movement in net debt (Note 26)</b>			
<b>Decrease in cash in the period</b>		(174,551)	89,685
Cash outflow from decrease in debts and lease financing		(167,115)	(36,646)
Change in net debt resulting from cash flows		(341,666)	53,039
New finance leases and hire purchase contracts		(126,665)	(18,000)
<b>Movement in net debt in the period</b>		<u>(468,331)</u>	<u>35,039</u>
<b>Net debt at 1 October 2008</b>		<u>(283,246)</u>	<u>(318,285)</u>
<b>Net debt at 31 January 2010</b>	26	<u>(751,577)</u>	<u>(283,246)</u>



**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010****1 Accounting policies****1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

**1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

**1.3. Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years

**1.4. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant and machinery	- 10% - 20% straight line
Fixtures, fittings and equipment	- 25% 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 constant periodic rates of charge on the net obligations outstanding in each period

**1.6. Stock**

Stock is valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred bringing the stock to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

**1.7. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the period

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010**

continued

**1.8. Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**2. Turnover**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK

	<b>Period ended 31/01/10 £</b>	<b>Year ended 30/09/08 £</b>
Sales	11,055,866	6,699,104
	<u>11,055,866</u>	<u>6,699,104</u>

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

3	Operating profit	Period ended 31/01/10 £	Year ended 30/09/08 £
	Operating profit is stated after charging		
	Depreciation		
	- written off owned tangible fixed assets	185,021	125,170
	- written of tangible fixed assets on HP/Finance lease	15,879	7,074
	Loss on disposal of tangible fixed assets	6,467	-
	Operating lease rentals		
	- Land and buildings	153,333	115,000
	- Office equipment	7,177	5,398
	Auditors' remuneration (Note 4)	6,000	6,000
		<u>          </u>	<u>          </u>
4.	Auditors' remuneration		
		Period ended 31/01/10 £	Year ended 30/09/08 £
	Auditors' remuneration - audit of the financial statements	6,000	6,000
		<u>          </u>	<u>          </u>
5.	Interest receivable and similar income		
		Period ended 31/01/10 £	Year ended 30/09/08 £
	Bank interest	56	666
		<u>          </u>	<u>          </u>
6	Interest payable and similar charges		
		Period ended 31/01/10 £	Year ended 30/09/08 £
	Interest payable on loans < 1 yr	1,010	8,958
	Hire purchase interest	4,462	3,150
	Factoring interest	15,785	21,484
		21,257	33,592
		<u>          </u>	<u>          </u>

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

## 7. Employees

	Period ended 31/01/10 Number	Year ended 30/09/08 Number
<b>Number of employees</b>		
The average monthly numbers of employees (including the directors) during the period were		
Production staff	65	58
Administration staff	25	23
Management staff	2	2
	<u>92</u>	<u>83</u>
<b>Employment costs</b>	<b>31/01/10 £</b>	<b>30/09/08 £</b>
Wages and salaries	2,641,840	1,738,431
Social security costs	206,118	107,039
Pension costs-other operating charge	108,218	58,000
	<u>2,956,176</u>	<u>1,903,470</u>
<b>7.1. Directors' remuneration</b>	<b>Period ended 31/01/10 £</b>	<b>Year ended 30/09/08 £</b>
Remuneration and other emoluments	271,362	124,951
Pension contributions	78,500	33,000
	<u>349,862</u>	<u>157,951</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Amounts included above		
Emoluments and other benefits	131,563	67,408
Pension contributions	44,250	19,000
	<u>175,813</u>	<u>86,408</u>

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

## 8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £108,218 (2008 - £58,000)

## 9. Tax on profit on ordinary activities

Analysis of charge in period	Period ended 31/01/10 £	Year ended 30/09/08 £
<b>Current tax</b>		
UK corporation tax at 21.00% (2008 - 21.00%)	40,319	11,954
Adjustments in respect of previous periods	619	112
Total current tax charge	40,938	12,066
<b>Deferred tax</b>		
Timing differences, origination and reversal	4,962	35,333
Total deferred tax	4,962	35,333
Tax on profit on ordinary activities	45,900	47,399

## Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (21.00 per cent). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before taxation	177,812	143,684
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.00% (30 September 2008 - 21.00%)	37,341	30,174
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,067	283
Capital allowances for period in excess of depreciation	(2,089)	756
Utilisation of tax losses	-	(18,967)
Adjustments to tax charge in respect of previous periods	619	112
Profits charged at 20% due to rate alteration	-	(292)
Current tax charge for period	40,938	12,066

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

## 10. Intangible fixed assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 October 2008	188,508	188,508
At 31 January 2010	188,508	188,508
<b>Amortisation</b>		
At 1 October 2008	48,929	48,929
Charge for period	12,567	12,567
At 31 January 2010	61,496	61,496
<b>Net book values</b>		
At 31 January 2010	127,012	127,012
At 30 September 2008	139,579	139,579

## 11 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 October 2008	816,124	42,290	858,414
Additions	253,529	21,078	274,607
Disposals	(40,832)	(17,683)	(58,515)
At 31 January 2010	1,028,821	45,685	1,074,506
<b>Depreciation</b>			
At 1 October 2008	392,311	29,248	421,559
On disposals	(30,278)	(15,007)	(45,285)
Charge for the period	177,063	11,270	188,333
At 31 January 2010	539,096	25,511	564,607
<b>Net book values</b>			
At 31 January 2010	489,725	20,174	509,899
At 30 September 2008	423,813	13,042	436,855

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

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

Asset description	31/01/10		30/09/08	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	114,059	15,879	16,278	7,074
<b>12. Stocks</b>			<b>2010 £</b>	<b>2008 £</b>
Finished goods and goods for resale			203,411	159,507
<b>13 Debtors</b>			<b>2010 £</b>	<b>2008 £</b>
Trade debtors			984,561	505,694
Amount owed by connected companies			48,909	20,550
Other debtors			64,664	7,475
Prepayments and accrued income			35,908	22,220
			1,134,042	555,939

## FRESHCUT FOODS LTD

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010**

continued

<b>14. Creditors: amounts falling due within one year</b>	<b>2010 £</b>	<b>2008 £</b>
Bank loans	-	41,583
Net obligations under finance leases and hire purchase contracts	46,447	5,500
Trade creditors	675,672	536,905
Amounts owed to connected companies	-	58,000
Corporation tax	40,320	11,954
Other taxes and social security costs	46,013	67,470
Other creditors	700,286	440,674
Accruals and deferred income	122,611	134,752
	<u>1,631,349</u>	<u>1,296,838</u>

Other creditors includes advances under an invoice discounting agreement of £686,254 (2008 £428,387) secured by fixed and floating charges over all property and assets, present and future, of the company

Amounts due under finance leases and hire purchase agreements are secured by fixed and floating charges over the assets

<b>15. Creditors: amounts falling due after more than one year</b>	<b>2010 £</b>	<b>2008 £</b>
Net obligations under finance leases and hire purchase contracts	<u>40,868</u>	<u>4,320</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	46,447	5,500
Repayable between one and five years	40,868	4,320
	<u>87,315</u>	<u>9,820</u>

Amounts due under finance leases and hire purchase agreements are secured by fixed and floating charges over the assets



## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

## 16. Provisions for liabilities

	Deferred taxation (Note 17) £	Total £
At 1 October 2008	35,426	35,426
Movements in the year	4,962	4,962
At 31 January 2010	<u>40,388</u>	<u>40,388</u>

## 17. Provision for deferred taxation

	31/01/10 £	30/09/08 £
Accelerated capital allowances	40,388	35,426
Provision for deferred tax	<u>40,388</u>	<u>35,426</u>
Provision at 1 October 2008	35,426	
Deferred tax charge in profit and loss account	4,962	
Provision at 31 January 2010	<u>40,388</u>	

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 2010

continued

18	Share capital	31/01/10 £	30/09/08 £
	<b>Authorised</b>		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
	59,900 Redeemable preference shares of £1 each	59,900	59,900
		<u>65,000</u>	<u>65,000</u>
	<b>Alloted, called up and fully paid</b>		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
	- Redeemable preference shares of £1 each	-	-
		<u>5,100</u>	<u>5,100</u>
	<b>Equity Shares</b>		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
		<u>5,100</u>	<u>5,100</u>
19	Equity Reserves	<b>Profit and loss account £</b>	<b>Total £</b>
	<b>At 1 October 2008</b>	146,740	146,740
	Profit for the period	131,912	131,912
	<b>At 31 January 2010</b>	<u>278,652</u>	<u>278,652</u>
20.	Reconciliation of movements in shareholders' funds	<b>31/01/10 £</b>	<b>30/09/08 £</b>
	Profit for the period	131,912	96,285
	Opening shareholders' funds	151,840	55,555
	Closing shareholders' funds	<u>283,752</u>	<u>151,840</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS  
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**21 Financial commitments**

At 31 January 2010 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>		<b>Other</b>	
	<b>31/01/10</b>	<b>30/09/08</b>	<b>31/01/10</b>	<b>30/09/08</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Between one and five years	<u>115,000</u>	<u>115,000</u>	<u>11,633</u>	<u>5,398</u>

**22. Contingent liabilities**

The company has received a claim from the Vendors of the original business stating that certain amounts are due to them in accordance with the original acquisition agreement. The company has disputed these amounts due and has submitted substantial counter-claims against them. No reserve has been made in the financial statements for any liability that might arise.

**23. Related party transactions**

During the period, the company made sales to Fresh Mediterranean Foods Limited, a company in which the directors have an interest, amounting to £3,567,399 (2008 £2,279,108).

The companies share common administrative costs. During the period, the company charged £77,158 (2008 £190,576) to Fresh Mediterranean Foods Limited for these costs.

All transactions were carried out under normal terms of business and at arms length.

Included in Other Debtors at the period end is £48,909 owing from Fresh Mediterranean Foods Limited. At 30 September 2008 £37,450 was included in Creditors as owing to Fresh Mediterranean Foods Limited.

**24. Controlling interest**

The company is controlled by the directors by virtue of the fact that they each own 49.6% of the issued share capital.

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
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## 25. Gross cash flows

	31/01/10 £	30/09/08 £
<b>Returns on investments and servicing of finance</b>		
Interest received	56	666
Interest paid	(21,257)	(33,592)
	<u>(21,201)</u>	<u>(32,926)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(12,573)</u>	<u>(161)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(274,607)	(161,539)
Receipts from sales of tangible assets	6,763	-
	<u>(267,844)</u>	<u>(161,539)</u>
<b>Financing</b>		
Preference shares redeemed	-	(59,900)
New short term bank loan	-	18,000
Repayment of short term bank loan	(41,583)	(127,678)
Capital element of finance leases and hire purchase contracts	77,496	(20,131)
	<u>35,913</u>	<u>(189,709)</u>

## 26. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	196,544	(174,551)	21,993
Debt due within one year	(469,970)	(216,284)	(686,254)
Finance leases and hire purchase contracts	(9,820)	(77,496)	(87,316)
	<u>(479,790)</u>	<u>(293,780)</u>	<u>(773,570)</u>
<b>Net funds</b>	<u>(283,246)</u>	<u>(468,331)</u>	<u>(751,577)</u>