fairfaxmeadow

Fairfax Meadow Europe Limited

Directors' report and financial statements

Registered number: 04770072

31 December 2012

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities	7
Independent auditor's report	8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11

Company information

Directors

A Barnes
D Howarth (Appointed 18 September 2012)
D Gray
K Taylor
P Tomlinson
P Willington

Registered number

04770072

Registered office

Level 5
9 Hatton Street
London
NW8 8PL

Independent auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
UB8 1EX

Bankers

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Directors' report

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

Principal activities

The Company's principal activity is the supply of meat and poultry to the food service industry

Business review and state of affairs

The Company turnover increased by 2% in 2012 to £147 million

By continuing to provide excellent service, quality and value, the Company has retained its leading position within the catering meat market in 2012 and won a number of new contracts in the year A focus on operating efficiencies and menu development for customers, supported by selective price increases compared to the previous year, enabled operating margin to recover to historic expectations The Company also benefitted from the impact of the London Olympics during the year

Performance management

Annual budgets and longer-term financial plans are developed by the directors to target improved business performance The directors review the performance of the business through comprehensive monthly reviews, comparing actual results against both budget expectations and prior year achievements All results are challenged to ensure performance is maximised Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels In addition other key performance indicators monitored by the directors are as follows

Measure	2012	2011	Performance
Revenue growth; this measure shows the underlying trend and performance of the business	2%	6%	The Company continued to make progress in the year following the successful tender for a number of new contracts
Gearing; this ratio shows the proportion of net assets financed through debt rather than equity and is calculated as net debt divided by total equity	38%	51%	The Company's gearing continued to decrease, reflecting a lower debt position despite higher investment in capital projects
Staff retention; this ratio shows the proportion of staff which have been employed for more than one year	68%	71%	The Company's continued strong retention rate reflects its strong and stable workforce

Results and dividends

Detailed results for the period are set out in the profit and loss account on page 9 The profit for the period attributable to equity shareholders amounted to £2,178,000 (2011 £1,203,000) Interim dividends of 1,000,000 were declared on ordinary shares (2011 £nil) No further dividend is recommended

Outlook for 2013

The Company continues to trade in a difficult economic and market environment This difficult environment looks certain to continue for the foreseeable future with the UK economy forecasted to continue at low levels of GDP growth during 2013 Further food price inflation and other cost increases, coupled with a continued tightness in consumer incomes is likely to impact future results and could lead to reduced profitability Increases in the cost of raw materials as a result of increases in global demand and uncertainty of supply in producing nations can have a significant impact on the cost base, consequently impacting margins Consumers continue to be challenged by pressure on disposable income In order to overcome these challenges, the Company remains competitively well positioned and cash generative The Company will continue to focus on protecting and improving its market positioning and developing product ranges to underwrite the delivery of future sales and profit growth Despite these challenges, there continues to be a number of opportunities to drive returns over the next few years by enabling customers to improve their offer to consumers

Directors' report (continued)

Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Company's long-term performance and cause actual results to differ materially from expected and historical results The Company operates in an environment that is continually changing and, as a result, the risks it faces will also change over time The assessment of risks and the development of strategies for overcoming these risks are achieved on an ongoing basis through the way in which the Company is controlled and managed The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls that adequately mitigate these risks

The directors have identified the following principal risks and uncertainties that could have the most significant impact on the Company's value generation

Risk area	Nature of risk	Mitigation
Operational risk:		
State of the economy	The deterioration of the economies in which the Company operates may adversely impact sales or sales mix and, ultimately, lower profitability and cash flow	Although the Company cannot directly influence the general economic conditions or consumer spending, the Company works to understand the market in order to provide products of a quality and at price which is suitable for its customers The operations of the Company are designed to be flexible enough to move with the market trends to ensure that changes in demand caused by the economy can be overcome
Competitive environment and customer risk	There is strong competition within the market in which the Company operates The loss of all or part of the Company's business with one or more of its major customers would adversely impact the Company's results	The Company manages the risk of operating in a competitive sector by maintaining strong customer relationships Delivering high levels of service and quality supports this process The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development
Food Safety	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines	All sites operate food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety All food products are made to the highest standards regardless of where they are manufactured and food safety is always prioritised over economic considerations
Price and supply of raw materials	The price and supply of raw materials is largely influenced by the environment in which the product originates Changes in price would impact the core profitability of the Company's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers	The Company will aim to pass on increased costs to its customers as far as is reasonable in the circumstances while maintaining its tight control of overhead costs to mitigate the impact on consumers The Company maintains a high level of expertise in its buying teams, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers The teams also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices

Directors' report (continued)

Business continuity	The Company operates from several sites, the loss of which, for example as a result of fire, would present significant operational difficulties	The Company's operations have business continuity plans in place to manage the impact of such an event should it occur and Group insurance programmes to mitigate the financial consequences
Financial risk:		
Interest rates and currency	Funds to finance working capital and capital investment are arranged at a Fletcher Bay Investment Company Limited Group level Such borrowings are in the form of bank loans and vary considerably throughout the year Such borrowings have variable interest rates based upon banks' base rates and interest risks are therefore subject to fluctuations in such rates The Company is exposed to foreign currency risk on purchases for imported materials	Interest rate and foreign currency risks are managed using effective hedging policies The Group hedges interest rate exposures on fixed term debt by the use of interest rate swaps on a proportion of fixed term borrowings
Credit	Practically all sales are made on credit terms The Company is exposed to counter party credit risk when dealing with customers and from certain financing activities Granting of credit to inappropriate parties or failure to collect debts on a timely basis could leave the group exposed to losses	The Company maintains strong relationships with each of its key customers and has established credit control parameters Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored by each business Aggregate exposures are monitored at board level and, where appropriate, limits are set for higher risk counterparties In addition, the Company maintains credit insurance where necessary
Liquidity	The Company needs access to funding for current business and future growth	The Company has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities Banks are selected for their credit status, global reach and ability to meet the businesses' day-to-day banking requirements All term debt is managed centrally and appropriate headroom is maintained
Human Resource:		
People	The Company is dependant on continuing to attract, retain, develop and motivate the best people with the right capabilities at all levels in the organisation	The Company mitigates the risk associated with loss of key personnel through succession planning, strong recruitment processes, effective incentives and retention initiatives, and ongoing training and development

Directors' report (continued)

Corporate social responsibility

The Company takes it ethical responsibilities to employees, customers, shareholders, suppliers and the environment very seriously The Company recognises that a balanced and committed approach to all aspects of corporate social responsibility will bring benefits to each of the Company's stakeholders and will strengthen its business position and credentials to facilitate future sustainable growth and development Responsibility for managing environmental, social and ethical issues rests with the management of the business whilst complying with the minimum overriding principles established by the Company These overriding principles concern the need to maintain a reputation for the highest standards of ethical business practice and conduct at all times, the appropriate treatment and development of employees, the fostering of business relationships with customers and suppliers and the impact of the Company on the communities and environments in which it operates By following these principles, the Company and its employees will be compliant with local laws, cultures and best practice

Environmental policy

The Company regards compliance with relevant environmental laws and the adoption of responsible standards as integral parts of its business operations It is also committed to introducing measures to limit any adverse effects its business may have on the environment and will promote continuous improvement in accordance with the best available techniques This includes the aim to reduce emissions and energy consumption created during logistics and production activities plus eliminating waste and excess packaging where possible

Ethical business practice and conduct

Competition – the Company is committed to free and fair competition and will compete strongly but honestly whilst complying with all local competition laws

Bribery – the Company will not condone the offering or receiving of bribes or other such facilitating payments to any person or entity for the purpose of obtaining or retaining business or influencing political decisions

Political donations – the Company does not permit financial donations to political parties and in accordance with this policy none were made in either 2011 or 2012

Confidentiality and accuracy of information – the confidentiality of information received in the course of business is always respected and will never be used for personal gain False information will not be given in the course of commercial negotiations

Conflict of interest – any personal interest that may prejudice, or might reasonably be deemed by others to prejudice, the impartiality of employees must be formally declared to a senior manager Examples of this include owning shares in business partners and personal or family involvement in trading contracts

Business gifts and hospitality – gifts, other than items of small intrinsic value, are not accepted Employees who receive hospitality must not allow themselves to reach a position whereby they might be deemed by others to have been influenced in making a business decision as a consequence However, giving and receiving reasonable business-related products, marketing materials and entertainment is permitted

Employees

Equal opportunities – the Company is committed to offering equal opportunities to all people in their recruitment, training and career development, having regard to their particular aptitudes and abilities Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Company an opportunity for retraining

Health and safety – health and safety is of the highest importance throughout the Company

Harassment – a zero tolerance policy exists towards sexual, physical or mental harassment in the workplace It is expected that incidents of harassment be reported to the appropriate human resources manager

Communication – all employees and their representatives are briefed on all relevant matters on a regular basis

Security – the security of all staff and customers is paramount and the Company at all times takes the necessary steps to minimise risks to their safety

Directors' report (continued)

Customer relationships

The Company seeks to be honest and fair in all relationships with customers and to provide the standards of product and service that have been agreed whilst always offering value for money The safety and quality of products and services provided is always of paramount importance

Supplier relationships

The Company believes that integrity and trust in its dealings with its suppliers are essential to building long term supply relationships that will ultimately benefit its products The Company's expectations and requirements are articulated to its suppliers prior to supply The Company carries out its business honestly, ethically and with respect for the rights and interest of all its suppliers The Company does not have a formal policy with regard to payment to suppliers Bills are settled in accordance with agreed payment terms and there is ongoing co-operation with suppliers to improve quality and efficiency The Company aims to develop relationships with suppliers that are consistent with the highest ethical business practices and specifically with respect to human rights and conditions of employment

Charitable contributions

As part of the Group's commitment to the communities in which it operates, donations amounting to £5,000 (2011 £2,000) were made during the year to several local and national charities

Directors

The directors who served throughout the year and up to the date of signing the financial statements were as follows

A Barnes
D Gray
D Howarth (Appointed 18 September 2012)
K Taylor
P Tomlinson
P Willington

Disclosure of information to auditors

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 Group's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information For these purposes, relevant audit information means information needed by the Group's auditors in connection with preparing their report

Going concern

The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers As a consequence, the directors believe that the Company is well placed to manage its business risk successfully After reviewing the available information, including business plans and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Local communities

All Group companies recognise their responsibilities as members of the communities in which they operate and engage with local communities wherever possible in their areas of operation

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for the coming year

On behalf of the board

K Taylor
Director

Level 5
9 Hatton Street
London
NW8 8PL
24 April 2013

Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 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 then apply them consistently,
- make judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report

to the members of Fairfax Meadow Europe Limited

We have audited the financial statements of Fairfax Meadow Europe Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities on page 8 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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report and financial statement to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year 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 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

Matter 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

Stephen R Wootten (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
25 April 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	**146,629**	143,720
Cost of sales		**(132,393)**	(131,572)
Gross profit		**14,236**	12,148
Distribution costs		**(5,765)**	(5,803)
Administrative expenses		**(5,483)**	(4,701)
Operating profit		**2,988**	1,644
(Loss)/profit on the disposal of fixed assets		**(10)**	26
Profit on ordinary activities before interest and taxation		**2,978**	1,670
Interest payable and similar charges	6	**(54)**	(103)
Profit on ordinary activities before taxation	3	**2,924**	1,567
Tax on profit on ordinary activities	7	**(746)**	(364)
Profit for the financial year		**2,178**	1,203

The results for the year are derived wholly from continuing operations

The Company had no recognised gains or losses in either the current of preceding year other than those recorded in the profit and loss account

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 11 to 19 form part of these financial statements

Balance sheet
as at 31 December 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	9		**3,808**		3,383
Current assets					
Stock	10	**4,641**		6,997	
Debtors due within one year	11	**16,669**		17,709	
Cash at bank and in hand		**7,008**		2,547	
		28,318		27,253	
Creditors: amounts falling due within one year	12	**(22,303)**		(20,360)	
Net current assets			**6,015**		6,893
Total assets less current liabilities			**9,823**		10,276
Creditors: amounts falling due after more than one year	13		**(3,299)**		(4,800)
Provisions for liabilities and charges	17		**(70)**		(200)
Net assets			**6,454**		5,276
Capital and reserves					
Called up share capital	19		**1,000**		1,000
Profit and loss account	20		**5,454**		4,276
Total shareholders' funds	21		**6,454**		5,276

The financial statements on pages 9 to 19 were approved by the board of directors on 24 April 2013 and were signed on its behalf by

K Taylor
Director

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies

The principal accounting policies are summarised below They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year

Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand They are prepared, on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Fletcher Bay Investment Company Limited and is included in its consolidated financial statements, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) The Company is also exempt under the terms of Financing Reporting Standard 8 from disclosing related party transactions with entities which are part of the Fletcher Bay Investment Company Limited Group For details of other related party transactions see note 23

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably Turnover represents the invoiced value of goods and services supplied, net of value added tax and trade discounts

Tangible fixed assets

Fixed assets are carried at cost less provision for impairment and depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual installments over their expected useful lives as follows

Leasehold buildings	-	over the shorter of their useful lives
Plant and machinery	-	over 5 to 15 years
Fixtures and Fittings	-	over 2 to 5 years

Research and development

Research and development expenditure is charged to the profit and loss account in full in the year in which it is incurred

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition Provision is made for obsolete, slow-moving or defective items where appropriate

Taxation

Current tax, including UK corporation tax and overseas tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred taxation is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future Deferred tax assets are recognised only to the extent that they are considered recoverable in the future Deferred tax is measured at the tax rates

Notes to the financial statements (continued)

1. Accounting policies (continued)

that are expected to apply in the periods in which the timing differences are expected to reverse Deferred tax assets and liabilities have been recognised in these financial statements using future corporation tax rates

Foreign currencies

The financial statements are presented in Sterling Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or forward contract rates where appropriate Gains and losses arising from foreign currency transactions are included in the profit and loss account

Pension costs and other post retirement benefits

The Company participates in a number of group pension schemes operated by Fletcher Bay Investment Company Limited The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis, and therefore, as required by FRS 17 'Retirement benefits', accounts for this scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Company also participates in defined contribution plans Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the accounting period

Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Company, are capitalised in the balance sheet and depreciated over the shorter of their useful lives and the lease terms The present value of future rentals is shown as a liability The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

Borrowings

Borrowings are initially stated at the fair value of the consideration received Finance costs are charged to the profit and loss account over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings

Dividends

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

2. Turnover

Turnover is attributable to one continuing activity, namely that of catering butchers All turnover arises from the company's principal activity in the United Kingdom

Notes to the financial statements (continued)

3. Profit on ordinary activities before taxation

Profit on ordinary activities before tax is stated after charging

	2012 £'000	2011 £'000
Auditors' remuneration- audit services	27	27
Depreciation of tangible fixed assets (note 9)		
- owned	429	489
- assets held under finance leases and hire purchase contracts	352	277
Operating lease rentals		
- plant and machinery	1,164	1,192
- land and buildings	741	731
(Loss)/Profit on disposal of fixed assets	(10)	26

4. Directors' remuneration

	2012 £'000	2011 £'000
Emoluments	599	308
Company contributions to pension schemes	36	15
	635	323

The number of directors who

	2012 £'000	2011 £'000
Are members of a money purchase pension scheme	3	2
Are members of a defined benefit pension scheme	1	1
	4	3

Remuneration of the highest paid director

	2012 £'000	2011 £'000
Emoluments	162	98
Company contributions to money purchase pension schemes	11	7
	173	105

5. Employment

The average monthly number of persons (including executive directors) employed by the Company during the year was

	2012 £'000	2011 £'000
Administration	38	35
Selling and distribution	113	112
Production and manufacturing	356	327
	507	474

Notes to the financial statements (continued)

5. Employment (continued)

Their aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	**12,448**	11,555
Social security costs	**1,056**	1,009
Other pension costs (note 18)	**306**	215
	13,810	12,779

6. Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on overdrafts and bank loans	**19**	54
Finance lease interest	**35**	49
	54	103

7. Tax on profit on ordinary activities

The tax charge represents

	2012 £'000	2011 £'000
Current tax		
UK corporation tax at 24 5% (2011 26 5%)	777	462
Adjustment in respect of prior years	**(25)**	(32)
Total current tax	752	430
Deferred tax:		
Origination and reversal of timing differences	**(6)**	(66)
Total deferred tax	**(6)**	(66)
Total tax on profit on ordinary activities	**746**	364

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	**2,924**	1,567
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK at 24 5% (2011 26 5%)	716	415
Effects of		
Expenses not deductible for tax purposes	**40**	30
Accelerated capital allowances and other timing differences	**21**	17
Adjustment in respect of prior years	**(25)**	(32)
Current tax charge for the year	**752**	430

Notes to the financial statements (continued)

7. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges
During the year, as a result of the change in the UK main corporation tax rate from 26% to 24% that was effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the main rate were proposed in the March 2012 UK budget statement, which will reduce the main corporation tax rate to 23% from 1 April 2013 Additionally, in the December 2012 UK budget statement, it was proposed that there will be a further reduction to the main corporation tax rate to 21% from 1 April 2014 with the rate to fall to 20% from 1 April 2015, as announced in the March 2013 budget statement None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

8. Dividends

	2012 £'000	2011 £'000
Ordinary dividends paid	1,000	-

9. Tangible fixed assets

	Leasehold buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At beginning of year	1,334	8,745	10,079
Additions	18	1,378	1,396
Disposals	-	(492)	(492)
At end of year	1,352	9,631	10,983
Accumulated depreciation			
At beginning of year	138	6,558	6,696
Charge for the year	32	749	781
Depreciation on disposals	-	(302)	(302)
At end of year	170	7,005	7,175
Net book value			
At 31 December 2012	1,182	2,626	3,808
At 31 December 2011	1,196	2,187	3,383

Included in the total net book value of plant, machinery and fixtures is £1,400,000 (2011 £1,205,000) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these leases was £352,000 (2011 £277,000)

10. Stock

	2012 £'000	2011 £'000
Raw materials and consumables	4,641	6,997
	4,641	6,997

Notes to the financial statements (continued)

11. Debtors

	2012 £'000	2011 £'000
Due within one year		
Trade debtors	**14,851**	16,050
Other debtors	**985**	867
Prepayments and accrued income	**604**	616
Corporation tax recoverable	**47**	-
Deferred tax recoverable (note 16)	**182**	176
	16,669	17,709

12. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase contracts (note 15)	**475**	419
Trade creditors	**15,846**	17,290
Amounts owed to group undertakings	**2,282**	41
Corporation tax payable	**-**	52
Other taxation and social security	**329**	321
Other creditors	**3,273**	2,155
Accruals and deferred income	**98**	82
	22,303	20,360

Amounts owed to group undertakings are unsecured with interest fixed at the time of borrowing and are repayable on demand

13. Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Bank loans and overdrafts	**2,852**	4,400
Obligations under finance leases and hire purchase contracts (note 15)	**447**	400
	3,299	4,800

Notes to the financial statements (continued)

14. Borrowings

	2012 £'000	2011 £'000
In the first year or on demand		
Finance leases and hire purchase contracts	**475**	419
In more than one years but not more than five years		
Finance leases and hire purchase contracts	**447**	400
After five years		
Bank loans and overdrafts	**2,852**	4,400
	3,774	5,219

The Company is part of the group revolving facility which Fletcher Bay Investment Company Limited entered into on 13 March 2012 Interest is payable linked to LIBOR with a margin of 3% The replaced the previous bank overdraft facility which incurred interest payable at 1 25% above bank base rate

The Company maintains a discreet secured invoice discounting facility for £7,500,000 (2011 £7,500,000) This facility is an evergreen facility with three months' notice period and is dependent upon the level of trade debtors The amount outstanding at 31 December 2012 was £2,851,969 (2011 £4,399,958) Interest is payable at 1 5% above bank base rate

15. Financial commitments

a) Operating lease commitments

	2012 Land and buildings £'000	2012 Other £'000	2011 Land and buildings £'000	2011 Other £'000
Within one year	**12**	**370**	62	480
Between one and five years	**102**	**643**	39	606
After five years	**631**	-	631	-
	745	**1.013**	732	1,086

b) Finance lease commitments

Finance leases are payable as follows

	2012 £'000	2011 £'000
Within one year	**507**	450
Between one and five years	**463**	415
	970	865
Less future finance charge	**(48)**	(46)
	922	819

Notes to the financial statements (continued)

16. Deferred tax

The analysis of deferred tax balances for the Company is as follows

	2012 £'000	2011 £'000
Accelerated capital allowances	177	154
Other timing differences	5	22
Deferred tax asset	182	176
Deferred tax asset at the beginning of the year	176	110
Deferred tax credit in profit and loss account (note 7)	6	66
Deferred tax asset at the end of the year	182	176

Deferred tax assets and liabilities have been recognised in these financial statements using future corporation tax rates

17. Provisions

	Dilapidations £'000
At beginning of year	200
Released during the year	(130)
At end of year	70

Provision has been made for the requirement to make repairs on dilapidations under the terms of certain property leases It is expected that the majority of this expenditure will be incurred within three years of the balance sheet date

18. Pension scheme

The Company participates in both defined benefit and defined contribution group personal pension schemes As noted in the accounting policies note, the pension cost charge for the year represents contributions payable by the company to the schemes and to employees' personal pension plans Further disclosure of the group pension schemes are shown within the accounting policies note and in the consolidated financial statements of Fletcher Bay Investment Company Limited The total pension cost charge for the year amounted to £306,000 (2011 £215,000) The amounts paid in respect of the group's defined benefit scheme were £247,000 (2011 £174,000) and in respect of the group's defined contribution scheme was £59,000 (2011 £41,000) Outstanding contributions at year end were £18,000 (2011 £5,000)

19. Called up share capital

	2012 £'000	2011 £'000
Allotted and fully paid		
1,000,000 ordinary shares of £1 each (2011 1,000,000)	1,000	1,000

Notes to the financial statements (continued)

20. Profit and loss account

	£'000
At 1 January 2012	**4,276**
Profit for the financial year	**2,178**
Dividends paid	**(1,000)**
At 31 December 2012	**5,454**

21. Reconciliation of movements in equity shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	**2,178**	1,203
Dividends paid	**(1,000)**	-
Movement on shareholders' funds	**1,178**	1,203
Opening shareholders' funds	**5,276**	4,073
Closing shareholders' funds	**6,454**	5,276

22. Assets pledged, commitments and contingencies

The Company is a participant in a group arrangement under which all assets and surplus cash balances are held as collateral for bank facilities advanced to group members The maximum amount covered by these arrangements at 31 December 2012 was £9 5 million (2011 £11 5 million)

23. Related party transactions

The Company sold £58,911 (2011 £432,190) of meat on an open market basis to Walton Meats Limited, a business part owned by Mr GF Wensley, a senior manager of Fairfax Meadow Europe Limited An amount of £23,993 (2011 £40,019) was outstanding at the end of the year

24. Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of Argent Holdings Limited, a company incorporated in England and Wales, and is ultimately owned and controlled by Fletcher Bay Group Limited, a company incorporated in England and Wales with registered office at Level 5, 9 Hatton Street, London NW8 8PL

The largest group into which the results of the company are consolidated is Fletcher Bay Group Limited Copies of those consolidated financial statements may be obtained from the registered office

The smallest group into which the results of the company are consolidated is Fletcher Bay Investment Company Limited Copies of those consolidated financial statements may be obtained from the registered office