



Fairfax Meadow Europe Limited

**Directors' report and financial
statements**

Registered number 04770072

31 December 2009

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Company information

Directors

A J Barnes
D J Gray
K Taylor
P J Tomlinson
P Willington

Registered number

04770072

Registered office

5th Floor
9 Hatton Street
London NW8 8PL

Registered auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham NG1 6FQ

Bankers

Lloyds TSB
10 Gresham Street
London
EC2V 7AE

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2009

Principal activities

The activities of the company principally concern the supply of meat and poultry to the food service industry

Business review and state of affairs

Trading

| | 2009 £000 | 2008 £000 |
|------------------|--------------|--------------|
| Turnover | 123,350 | 113,838 |
| Operating Profit | 2,041 | 2,177 |

The year saw tough economic conditions with volatile material prices, a reduction in consumer confidence and significant changes to the product mix driven by customer demand. Whilst the operating profit declined by 6% in the year the directors consider this to be an acceptable result in light of the significant challenges encountered in 2009.

Revenue grew by 8% in 2009 as a result of several strategic contract wins offsetting an underlying reduction in like for like sales due to consumer demand and market adjustments to product mix.

The volume increases are as a result of the company's significant investment in the supply chain, operational facilities, distribution network, IT systems and the development of the workforce. It is expected that the company will continue to develop the strong customer and supplier relationships which will further enhance the company's favourable market position and enable the company to be well placed to address the future challenges.

Working capital at the year end was £0.9 million lower than the previous year end as a result of stock management efficiencies and changes to customer mix.

Key financial performance indicators include the monitoring of asset cover and liquidity. Key non-financial performance indicators include the monitoring of our employees' health and safety.

| | 2009 | 2008 | Measure |
|-----------------------------------|----------|----------|--|
| Financial | | | |
| Current Ratio | 1.11 | 1.07 | Current assets / current liabilities |
| Stock turnover | 38 times | 35 times | Turnover / stock |
| Sales per employee (£000) | 287 | 262 | Turnover / average number of employees |
| Non – Financial | | | |
| Reportable accidents per employee | 0.02 | 0.02 | Reportable accidents / employees |

Outlook

The likely scale and speed of economic recovery remains uncertain, and we are cautious about the outlook for the UK consumer over the next year. However, we expect good revenue and operating profit growth with the benefit of returns from our long term strategic development plans and restructuring of the overhead base. We expect to maintain capital investment at planned levels in spite of the economic outlook. Net financing costs will be higher but we are confident of progress in earnings for the full year. The company has a strong balance sheet and adequate committed borrowing facilities, which enables it to consider opportunities for development in the sector.

Risks

The risk management process in Fairfax Meadow Europe Limited seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at operational level and to operate internal controls, which adequately mitigate these risks. The company regularly assesses its risk management activities to ensure good practice in all areas. The principal corporate risk to the business remains any downturn in consumer spending

in our markets, whether as a result of changes in customer choices or driven by global environmental circumstances that impact upon the availability and pricing of meat commodities. The company monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers.

Directors' report *(continued)*

Other principal risks and uncertainties affecting the business include the following

Competitive Risk the company operates in a highly competitive market. Product innovations or technical advances by competitors could adversely affect the company. The diversity of products and operations reduces the possible effect of action by any single competitor.

Interest rate risk the company's policy is to borrow funds to finance working capital. Such borrowings are in the form of bank overdrafts and 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.

Credit risk the company is exposed to counter party credit risk when dealing with customers and from certain financing activities. 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. Concentrations of credit risk are limited as a result of the company's diverse customer base. In addition, the company maintains credit insurance where necessary.

Liquidity risk the company has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities. Banking relationships are limited to those banks that are members of the core relationship groups. These banks are selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements.

Environmental risks Fairfax Meadow Europe Limited recognises the impact that its operations have on the environment. Therefore, as a minimum, we aim to comply with current applicable legislation and our operations are conducted with a view to ensuring that

- emissions to air, releases to water and land filling of solid wastes do not cause unacceptable environmental impacts and do not offend the community,
- energy and natural resources are used efficiently and energy consumption is monitored and raw material waste is minimised,
- solid waste is reduced, reused or recycled where practicable,
- the amount of packaging used for products is minimised, consistent with requirements for food safety,
- products are transported efficiently to minimise fuel usage, consistent with customers' demand, production arrangements, and vehicle fleet operations, and
- effective emergency response procedures are in place to minimise the impact of foreseeable incidents.

Health and safety the principal health and safety risks relate to the potential for serious injuries and regulatory action for non-compliance with statutory requirements. The company has named accountable senior executives who employ specialists to manage these risks. The company employs a Health & Safety manager to audit its operations to understand how companies manage their risks and to verify the data. Companies are required to develop action plans as appropriate and progress is monitored by the Group Health & Safety manager.

Loss of a major site the company operates from several sites, the loss of which, for example as a result of fire, would present significant operational difficulties. Our operations have business continuity plans in place to manage the impact of such an event and company insurance programmes to mitigate the financial consequences.

Litigation the company is subject to litigation from time to time. The outcome of legal action is always uncertain and there is always the risk that it may prove more costly and time consuming than expected. There is a risk that litigation could be instigated in the future which could materially impact the company. In some liability cases legal expenses are covered by insurance.

Results

The results for the year are set out in the profit and loss account on Page 7. The profit on ordinary activities after taxation was £1,351,000 (2008 £1,380,000).

Directors' report *(continued)*

Dividends

An interim dividend of 0.79 pence per share amounting to £790,000 was paid on ordinary shares (2008 646,500). No further dividend is recommended. It is the Board's intention to reinvest retained earnings in value enhancing opportunities within the business.

Directors

The membership of the Board is set out below.

AJ Barnes
DJ Gray
APH Hunter Resigned 26 February 2010
R H Stokes Resigned 30 June 2009
K Taylor
P Willington
PJ Tomlinson

Employees

The company takes its responsibilities to its employees seriously. It is committed to equality and opportunity and aims to treat all of its employees fairly in every aspect of employment. It is committed to giving employees the opportunity to maximise their potential.

Payment policy and practice

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payments, provided the relevant goods and services have been supplied in accordance with the contract. This policy will continue for the current financial year.

Political and charitable contributions

The company made donations for charitable purposes during the year, which amounted to £6,700 (2008 £4,661). No political donations were made.

Going concern

The directors are confident, having reviewed the company's budget for the financial year ending 31 December 2010 and relevant plans beyond that date, that the company has adequate resources to continue in operation for the foreseeable future. This review included an analysis of business operating plans, proposed capital expenditure and associated cash flow projections. It also included a comparison of results and ratios within the company's committed borrowing facilities. It is therefore, considered appropriate to adopt the going concern basis in preparing the financial statements.

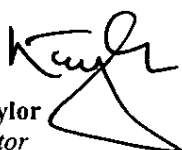
Disclosure of information to auditors

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 company's auditors are 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 auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the Board


K Taylor
Director

5th Floor
9 Hatton Street
London NW8 8PL

23 March 2010

Statements 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 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 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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



Independent auditors' 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 2009 set out on pages 7 to 17. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its 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.

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.

M R Beardsley (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham NG1 6FQ

Date 23 March 2010

Profit and loss account
for the year ended 31 December 2009

| | <i>Note</i> | 2009 £000 | 2008 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | 2 | 123,350 | 113,838 |
| Cost of sales | | (109,365) | (100,529) |
| Gross profit | | 13,985 | 13,309 |
| Distribution costs | | (5,699) | (5,267) |
| Administrative expenses | | (6,245) | (5,865) |
| Operating profit | | 2,041 | 2,177 |
| Other interest receivable and similar income | | 8 | 68 |
| Interest payable and similar charges | 5 | (82) | (253) |
| Profit on ordinary activities before taxation | 6 | 1,967 | 1,992 |
| Tax on profit on ordinary activities | 7 | (616) | (612) |
| Profit for the financial year | 17 | 1,351 | 1,380 |

The results for the year are derived wholly from continuing operations

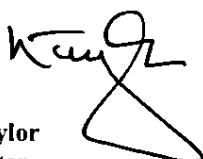
The company had no recognised gains or losses in either the current or preceding year other than those recorded in the profit and loss account and, therefore, no separate statement of total recognised gains and losses has been prepared

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

Balance sheet
as at 31 December 2009

| | <i>Note</i> | 2009 | | 2008 | |
|---|-------------|-----------------|--------------|-----------------|-------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | <i>9</i> | | 2,392 | | 2,602 |
| Current assets | | | | | |
| Stocks | <i>10</i> | 3,256 | | 3,294 | |
| Debtors | <i>11</i> | 15,497 | | 14,266 | |
| Cash at bank and in hand | | 1,526 | | 3,513 | |
| | | 20,279 | | 21,073 | |
| Creditors amounts falling due within one year | <i>12</i> | (18,336) | | (19,761) | |
| Net current assets | | | 1,943 | | 1,312 |
| Total assets less current liabilities | | | 4,335 | | 3,914 |
| Creditors amounts falling due after more than one year | <i>13</i> | | (428) | | (607) |
| Provisions for liabilities and charges | <i>14</i> | | (175) | | (136) |
| Net assets | | | 3,732 | | 3,171 |
| Capital and reserves | | | | | |
| Called up share capital | <i>16</i> | | 1,000 | | 1,000 |
| Profit and loss account | <i>17</i> | | 2,732 | | 2,171 |
| Equity shareholders' funds | <i>18</i> | | 3,732 | | 3,171 |

These financial statements were approved by the board of directors on 23 March 2010 and signed on its behalf by


K Taylor
Director

Company registered No 04770072

Notes

(forming part of the financial statements)

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 company's financial statements throughout the year and preceding year.

Basis of preparation

The financial statements are presented in Sterling, rounded to the nearest thousand. They are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 1985.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Argent Group Europe 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 Argent Group Europe Limited.

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. The charge for depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives, which are as follows:

| | |
|---|-----------------------|
| Leasehold buildings | - over the lease term |
| Plant and machinery | - 7.5% - 15% |
| Fixtures, fittings and office equipment | - 15% - 50% |

Research and development

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

Web site development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as 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.

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 that are expected.

Notes (continued)

1 Principal accounting policies (continued)

Taxation (cont.)

to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis.

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. Other 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 Argent Group Europe Limited. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the 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.

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.

Notes (continued)

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.

3 Employment

| | 2009 £000 | 2008 £000 |
|--|---------------|---------------|
| The staff costs for the year were as follows | | |
| Wages and salaries | 11,097 | 10,801 |
| Social security costs | 872 | 868 |
| Other pension costs | 164 | 150 |
| | <u>12,133</u> | <u>11,819</u> |

| | Number | Number |
|--|------------|------------|
| The average monthly number of employees (including directors) was as follows | | |
| Administration | 34 | 35 |
| Distribution | 102 | 104 |
| Production and manufacturing | 294 | 296 |
| | <u>430</u> | <u>435</u> |

4 Directors' remuneration

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Emoluments | 563 | 554 |
| Company contributions to pension schemes | 22 | 30 |
| | <u>585</u> | <u>584</u> |

| | £000 | £000 |
|---|------------|------------|
| Remuneration of the highest paid director | | |
| Emoluments | 157 | 141 |
| Company contributions to defined benefit pension scheme | 4 | 8 |
| | <u>161</u> | <u>149</u> |

| | Number | Number |
|---|----------|----------|
| The number of directors who | | |
| Are members of a defined benefit pension scheme | 1 | 1 |
| Are members of a money purchase schemes | 2 | 3 |
| | <u>3</u> | <u>4</u> |

Notes (continued)

5 Interest payable and similar charges

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Interest payable on bank loans and overdrafts | 12 | 209 |
| Finance charges in respect of finance leases and hire purchase contracts | 70 | 44 |
| | <u>82</u> | <u>253</u> |

6 Profit on ordinary activities before taxation

| | 2009 £000 | 2008 £000 |
|--|-------------------|-------------------|
| Profit on ordinary activities before taxation is stated after charging/(crediting) | | |
| Depreciation of tangible fixed assets | | |
| - owned assets | 369 | 336 |
| - assets held under finance leases and hire purchase contracts | 259 | 177 |
| Operating lease rentals | | |
| - plant and machinery | 955 | 906 |
| - land and buildings | 699 | 644 |
| Auditors' remuneration | | |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 28 | 27 |
| Loss on sale of fixed assets | - | 58 |
| | <u> </u> | <u> </u> |

7 Tax on profit on ordinary activities

The tax charge represents

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Current tax | | |
| UK corporation tax rate at 28% (2008 28.5%) | 560 | 587 |
| Adjustment to UK tax charge in respect of previous years | 89 | 32 |
| | <u>649</u> | <u>619</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (33) | (7) |
| | <u>(33)</u> | <u>(7)</u> |
| Total deferred tax (note 15) | | |
| | <u>(33)</u> | <u>(7)</u> |
| Tax on profit on ordinary activities | <u>616</u> | <u>612</u> |

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Reconciliation of effective tax rate

The difference 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

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 1,967 | 1,992 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax for the UK of 28% (2008 28.5%) | 551 | 568 |
| Effects of | | |
| Expenses not deductible for tax purposes | 30 | 30 |
| Capital allowances for the period in excess of depreciation | (1) | (17) |
| Other timing differences originating in the year | (20) | 6 |
| Adjustment to UK tax charge in respect of prior year | 89 | 32 |
| Current tax charge | 649 | 619 |

8 Dividends

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Ordinary shares | | |
| Dividends paid – interim dividend of £0.79 per share (2008 £0.647 per share) | 790 | 647 |

9 Tangible fixed assets

| | Leasehold properties £000 | Plant, fixtures and vehicles £000 | Total £000 |
|--------------------------|---------------------------------|--|---------------|
| Cost | | | |
| At beginning of the year | 408 | 6,877 | 7,285 |
| Additions | 33 | 385 | 418 |
| At end of year | 441 | 7,262 | 7,703 |
| Depreciation | | | |
| At beginning of the year | 78 | 4,605 | 4,683 |
| Charge for the year | 6 | 622 | 628 |
| At end of year | 84 | 5,227 | 5,311 |
| Net book value | | | |
| At 31 December 2009 | 357 | 2,035 | 2,392 |
| At 31 December 2008 | 330 | 2,272 | 2,602 |

Notes (continued)

9 Tangible fixed assets (continued)

Included in the total net book value of Plant, Machinery and Fixtures is £882,000 (2008 £1,003,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these leases was £259,000 (2008 £177,000)

10 Stock

| | 2009 £000 | 2008 £000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 3,256 | 3,294 |

11 Debtors

| | 2009 £000 | 2008 £000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 13,827 | 12,630 |
| Amounts owed by group undertakings | - | 1 |
| Other debtors | 883 | 805 |
| Prepayments and accrued income | 563 | 576 |
| Corporation tax recoverable | 84 | 147 |
| Deferred tax recoverable (Note 15) | 140 | 107 |
| | <u>15,497</u> | <u>14,266</u> |

12 Creditors: amounts falling due within one year

| | 2009 £000 | 2008 £000 |
|--|---------------|---------------|
| Bank loans and overdraft | - | 3,326 |
| Trade creditors | 14,422 | 10,843 |
| Amounts owed to group undertakings | 226 | 94 |
| Taxation and social security | 300 | 244 |
| Other creditors | 3,018 | 4,890 |
| Accruals and deferred income | 89 | 74 |
| Amounts due under finance leases and hire purchase contracts | 281 | 290 |
| | <u>18,336</u> | <u>19,761</u> |

The company maintains a discreet invoice discounting facility for £5,000,000 (2008 £5,000,000). This facility is an evergreen facility with three month's notice period and is dependent upon the level of trade debtors in the company. The amount outstanding at 31 December 2009 was £nil (2008 £3,326,000). Interest is payable at 1% above bank base rate.

Notes (continued)

13 Creditors: amounts falling due after more than one year

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Amounts due under finance leases and hire purchase contracts | 428 | 607 |
| <i>Amounts due under finance leases and hire purchase contracts after more than one year are repayable as follows</i> | £000 | £000 |
| Within one and two years | 242 | 235 |
| Between two and five years | 186 | 335 |
| Over five years | - | 37 |
| | 428 | 607 |

14 Provision for liabilities and charges

| | Dilapidations £000 |
|---|-----------------------|
| At 1 January 2009 | 136 |
| Charged to the profit and loss account for the year | 39 |
| At 31 December 2009 | 175 |

The provision for dilapidations relates to amounts payable at lease expiry on lease property

15 Deferred taxation

The analysis of deferred taxation is set out as follows

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Excess of book depreciation over tax depreciation | (140) | (107) |
| Deferred tax asset at beginning of the year | (107) | (100) |
| Deferred tax credit in profit and loss account for the year (note 7) | (33) | (7) |
| Deferred tax asset at the end of the year | (140) | (107) |

Notes (continued)

16 Share capital

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Authorised, issued and fully paid 1,000,000 Ordinary shares of £1 each | 1,000 | 1,000 |

17 Movement on reserves

| | Profit and loss account £000 |
|----------------------------|------------------------------------|
| At 1 January 2009 | 2,171 |
| Profit for the year | 1,351 |
| Dividends paid | (790) |
| At 31 December 2009 | 2,732 |

18 Reconciliation of movements in shareholders' funds

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Profit for the financial year | 1,351 | 1,380 |
| Dividends | (790) | (647) |
| Movements on shareholders' funds in year | 561 | 733 |
| Opening shareholders' funds | 3,171 | 2,438 |
| Closing shareholders' funds | 3,732 | 3,171 |

19 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 period represents contributions payable by the company to the scheme and to employees' personal pension plans. Further disclosure of the group pension schemes are shown within the accounting policies note and in the consolidated accounts of the ultimate holding company, Argent Group Europe Limited. The total pension cost charge for the year amounted to £164,000 (2008 £150,000). The amounts paid in respect of the group's defined benefit scheme were £125,000 (2008 £133,000) and in respect of the group's defined contribution scheme was £39,000 (2008 £34,000). Outstanding contributions at year end totalled £nil (2008 £13,677).

Notes (continued)

20 Financial commitments

The future minimum lease payments under operating leases are as follows

| | Land and buildings | | Other | |
|---------------------------|--------------------|------------|--------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £000 | £000 | £000 | £000 |
| Within one year | 9 | 9 | 338 | 153 |
| Within one and five years | 38 | - | 669 | 770 |
| Over five years | 685 | 635 | - | - |
| | <u>732</u> | <u>644</u> | <u>1,007</u> | <u>923</u> |

21 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 2009 was £8.1 million (2008 £9.5 million).

22 Transactions with directors and related parties

The company sold £509,189 (2008 £165,872) 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 £78,274 (2008 £40,128) was outstanding at the end of the year.

23 Ultimate Parent company

The company is a wholly owned subsidiary of Argent Holdings Limited, a company incorporated in England and Wales, which is ultimately owned and controlled by DJG Investment Limited, a company incorporated in England and Wales with registered office at 5th Floor, 9 Hatton Street, London NW8 8PL.

The largest group into which the results of the company are consolidated is Argent Group Europe Limited. Copies of those consolidated financial statements may be obtained from the registered office at 5th Floor, 9 Hatton Street, London NW8 8PL.

24 Capital Commitments

Capital Commitments authorised as at 31 December 2009, but not provided for in these financial statements amounted to £160,187 (2008 £nil), in respect of which contracts for £160,187 (2008 £nil) have been placed.

25 Post Balance Sheet Events

On 5 March 2010, 100% of the share capital in the previous parent undertaking Argent Group Europe Limited was acquired by Fletcher Bay Investment Company Limited which is ultimately owned and controlled by DJG Investment Limited.

Both David Gray and Andrew Barnes are Directors of Fairfax Meadow Europe Limited and DJG Investment Limited.