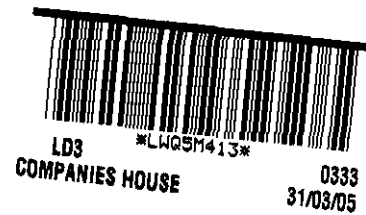


Company Registration No. 04879084 (England and Wales)

COOKS LIMITED
ANNUAL REPORT

FOR THE PERIOD ENDED 1 MAY 2004



COOKS LIMITED

DIRECTORS AND ADVISERS

Directors	D C Martin	(Appointed 15 September 2003)
	G O Peppiatt	(Appointed 15 September 2003)
	M E Solomon	(Appointed 7 November 2003)
	R Prime	(Appointed 22 November 2004)

Secretary	R Prime
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Company number	04879084
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Registered office	14-16 Great Portland Street London W1W 8QW
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Registered auditors	HLB AV Audit plc 66 Wigmore Street London W1U 2HQ
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COOKS LIMITED

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COOKS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 MAY 2004

The directors present their report and financial statements for the period ended 1 May 2004.

Directors

The following directors have held office since 27 August 2003:

D C Martin	(Appointed 15 September 2003)
G O Peppiatt	(Appointed 15 September 2003)
M E Solomon	(Appointed 7 November 2003)
@UK Plc Client Secretary Ltd	(Appointed 27 August 2003 and resigned 15 September 2003)
R Prime	(Appointed 22 November 2004)

Principal activities and review of the business

The principal activity of the company is that of a holding company. The company was incorporated on 27 August 2003.

The principal activity of the subsidiary is retail bakery.

The company acquired the subsidiary, Three Cooks Limited on 8 November 2003 as detailed in note 23 to the financial statements.

As analysed further in note 4 to the financial statements, exceptional costs have been incurred during the year as a result of the new management's strategic review of the business and comprehensive turnaround programme. Additional non-exceptional, but one-off costs necessary for the strategic development of the business have also been incurred, and are not expected to be ongoing in future years.

The level of trading and financial position at the period end remains satisfactory and the directors have comprehensive plans to grow the business both organically and potentially through acquisition. The transformation programme is well underway and the directors are confident that the company will now be able to exploit the considerable opportunities for growth that exist in this marketplace.

Results and dividends

The consolidated profit and loss account for the period is set out on page 5.

The directors do not recommend the payment of a dividend for the period.

It is proposed that the retained loss of £3,527,350 is transferred to the group's reserves.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

Cooks Limited

	Ordinary Shares of £1 each	
	1 May 2004	27 August 2003
D C Martin	66,668	-
G O Peppiatt	66,666	-
M E Solomon	-	-

COOKS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

A Ordinary Shares of 1p each

	1 May 2004	27 August 2003
D C Martin	-	-
G O Peppiatt	-	-
M E Solomon	-	-

B Ordinary Shares of £ 1 each

	1 May 2004	27 August 2003
D C Martin	-	-
G O Peppiatt	-	-
M E Solomon	-	-

Three Cooks Limited

Ordinary shares of £ 1 each

	1 May 2004	4 May 2003
D C Martin	-	-
G O Peppiatt	-	-
M E Solomon	-	-

Employee involvement

The group recognises the importance of encouraging all employees to contribute to the achievements of the group. It has a comprehensive set of employment practices designed to achieve that objective. In particular the group's equal opportunities policy is designed to create an environment in which all employees are encouraged to develop their individual potential whatever their sex, race, religion, colour, age or disability. The same opportunities for training, career development and promotion are available to employees including those with disabilities, in so far as that disability does not prevent them from performing their job or any suitable alternative job.

Consultation with employees or their representative takes place at all levels. This is designed to ensure that employees' views are taken into account when decisions are made that are likely to affect their interest.

The company attaches great importance to the quality of its communication with all employees. Employees are provided with information about the performance of the company through a variety of briefing mechanisms appropriate to their circumstances.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

HLB AV Audit plc were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

COOKS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

.....
R Prime

Director

3.1.2005

COOKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOKS LIMITED

We have audited the financial statements of Cooks Limited on pages 5 to 22 for the period ended 1 May 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 and the group's circumstances, consistently applied and adequately disclosed.

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 and the group's affairs as at 1 May 2004 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit plc

Registered Auditor

..... 21/2/05

66 Wigmore Street
London
W1U 2HQ

COOKS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 1 MAY 2004

	Notes	£	Period ended 1 May 2004 £
Turnover	2		
Continuing operations		-	
Acquisitions		19,727,577	
			19,727,577
Cost of sales	3		(7,114,685)
Gross profit			12,612,892
Distribution costs	3	12,733,024	
Administrative expenses	3	3,520,836	
Other operating income	3	(125,700)	
			(16,128,160)
Operating loss	4		(3,515,268)
Continuing operations		223,238	
Acquisitions		3,292,030	
			(3,515,268)
Other interest receivable and similar income			24,643
Interest payable and similar charges	5		(36,725)
Loss on ordinary activities before taxation			(3,527,350)
Tax on loss on ordinary activities	6		-
Loss on ordinary activities after taxation			(3,527,350)

There are no recognised gains and losses other than those passing through the profit and loss account.


COOKS LIMITED

BALANCE SHEETS AS AT 1 MAY 2004

	Notes	Group 2004 £	Company 2004 £
Fixed assets			
Intangible assets	8	(1,121,638)	-
Tangible assets	9	2,834,236	-
Investments	10	-	4,797,665
	
		1,712,598	4,797,665
	
Current assets			
Stocks	11	510,059	-
Debtors	12	2,379,929	415,527
Cash at bank and in hand		2,864,208	1,544,921
	
		5,754,196	1,960,448
Creditors: amounts falling due within one year	13	(6,784,587)	(85,531)
	
Net current (liabilities)/assets		(1,030,391)	1,874,917
	
Total assets less current liabilities		682,207	6,672,582
Creditors: amounts falling due after more than one year	14	(1,223,259)	(5,780,000)
Provisions for liabilities and charges	15	(2,086,164)	-
	
		(2,627,216)	892,582
	
Capital and reserves			
Called up share capital	17	500,134	500,134
Share premium account	18	400,000	400,000
Profit and loss account	18	(3,527,350)	(7,552)
	
Shareholders' funds - equity interests	19	(2,627,216)	892,582
	

The financial statements were approved by the board on 31/1/2005


D C Martin
Director


G O Peppatt
Director

COOKS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 1 MAY 2004

		Period ended 1 May 2004 £
Net cash inflow/(outflow) from operating activities		5,024,336
Returns on investments and servicing of finance		
Interest received	24,643	
Interest paid	(36,725)	
Net cash outflow for returns on investments and servicing of finance		(12,082)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(197,474)	
Receipts from sales of tangible assets	86,055	
Net cash outflow for capital expenditure		(111,419)
Purchase of subsidiary undertakings (net of cash acquired)	(4,797,665)	
Cash at bank and in hand acquired	860,904	
Net cash outflow for acquisitions and disposals		(3,936,761)
Net cash outflow before management of liquid resources and financing		964,074
Financing		
Issue of ordinary share capital	900,134	
Other new long term loans	1,000,000	
Net cash inflow/(outflow) from financing		1,900,134
Decrease in cash in the period		2,864,208

COOKS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 1 MAY 2004

1	Reconciliation of operating loss to net cash outflow from operating activities	2004
		£
	Operating loss	(3,515,268)
	Depreciation of tangible assets	636,547
	Loss on disposal of tangible assets	178,971
	Decrease/(increase) in stocks	96,103
	Decrease/(increase) in debtors	4,481,048
	Increase in creditors within one year	1,944,816
	Movement on provisions	1,202,119
	Net cash outflow from operating activities	5,024,336

2	Analysis of net (debt)/funds	27 August 2003	Cash flow	Other non-cash changes	At 1 May 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	-	2,864,208	-	2,864,208
	Finance leases	-	-	(307,457)	(307,457)
	Debts falling due after one year	-	(1,000,000)	-	(1,000,000)
		-	(1,000,000)	(307,457)	(1,307,457)
	Net funds/(debt)	-	1,864,208	(307,457)	1,556,751

3	Reconciliation of net cash flow to movement in net debt	2004
		£
	Increase in cash in the period	2,864,208
	Cash inflow from increase in debt	(1,307,457)
	Movement in net funds in the period	1,556,751
	Opening net funds	-
	Closing net funds	1,556,751

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 MAY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

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

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 1 May 2004. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Accounting period

The financial statements are for the period from 27 August 2003 to the 1 May 2004.

1.5 Turnover

The turnover shown in the profit and loss account comprises sales made in the ordinary course of business to the external customers for goods supplied and despatched services provided, exclusive of sales related taxes.

1.6 Goodwill

Acquired negative goodwill is credited back in equal annual instalments over its estimated useful economic life of 20 years.

1.7 Tangible fixed assets and depreciation

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

Land and buildings Freehold	Fifty years
Land and buildings Leasehold	Fifty years
Short leasehold land and buildings	Length of lease
Computer equipment	Three to five years
Motor vehicles	Four years
Plant and machinery	Four to twenty years
Fixtures and fittings	Seven to ten years

The group has taken advantage of the transitional provisions of FRS15 - Tangible Fixed Assets - and has retained the book amounts of certain freehold properties which were revalued prior to the implementation of that standard.

The part of the annual depreciation charge on revalued assets which relates to the revaluation reserve to the profit and loss account.

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

1 Accounting policies

(continued)

1.8 Leasing

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

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

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.11 Pensions

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

1.12 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

Deferred tax is not recognised on the revaluation of non-monetary assets such as property unless a binding sale agreement exists at the balance sheet date. Where rollover relief is available on an asset then deferred tax is in any case not recognised.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is deemed more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Cost of sales and net operating expenses

The total figures for continuing operations in 2004 include the following amounts relating to acquisitions: cost of sales £7,114,685, distribution costs £12,733,024, administrative expenses £3,520,836 and other operating income £125,700.

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

4	Operating loss	2004
		£
	Operating loss is stated after charging:	
	Depreciation of tangible assets	636,547
	Loss on disposal of tangible assets	178,971
	Exceptional items (included in administrative expenses) - closure costs	1,734,897
	Operating lease rentals - land and buildings	1,778,446
	Operating lease rentals - other	84,883
	Auditors' remuneration	24,000

The exceptional item of £1,734,897 relates to expected costs in association with the closure of several of the group's bakery shops.

5	Interest payable	2004
		£
	On bank loans and overdrafts	2,303
	Other interest	34,422
		<u>36,725</u>

6 Taxation

It is anticipated that there is no liability to United Kingdom corporation tax based on these accounts.

There are tax losses in the region of £4,000,000 available for carry forward against future taxable profits. These would give rise to a deferred tax asset of £1,200,000. No provision has been made for this asset as the directors believe the current deferred tax asset reflected in debtors covers expected profitability over the next three years.

7 Loss for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2004
	£
Holding company's loss for the financial period	<u>(7,552)</u>

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

8 Intangible fixed assets

Group

Cost

Additions

At 1 May 2004

Net book value

At 1 May 2004

Goodwill

£

(1,121,638)

(1,121,638)

(1,121,638)

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

9 Tangible fixed assets Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Total £
Cost				
Acquired with subsidiary	72,500	168,235	14,557,967	14,798,702
Additions	-	-	504,931	504,931
Disposals	-	(3,000)	(1,945,121)	(1,948,121)
At 1 May 2004	72,500	165,235	13,117,777	13,355,512
Depreciation				
Acquired with subsidiary	50,339	119,311	11,398,174	11,567,824
On disposals	-	(10,264)	(1,672,831)	(1,683,095)
Charge for the period	543	10,563	625,441	636,547
At 1 May 2004	50,882	119,610	10,350,784	10,521,276
Net book value				
At 1 May 2004	21,618	45,625	2,766,993	2,834,236

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Acquired with subsidiary	201,115
Disposals	(3,000)
At 1 May 2004	198,115
Depreciation based on cost	
At 27 August 2003	150,363
Disposals	(3,000)
Charge for the period	3,842
At 1 May 2004	151,205
Net book value	
At 1 May 2004	46,910

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

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

	Plant and machinery £	Total £
Net book values		
At 1 May 2004	166,221	166,221
Depreciation charge for the period		
1 May 2004	143,857	143,857

Assets in the course of construction with a value of £16,200 are not depreciated.

10 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 27 August 2003	-
Additions	4,797,665
At 1 May 2004	4,797,665

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Three Cooks Limited	England & Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Three Cooks Limited	Retail bakery

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

11 Stocks

	Group 2004 £	Company 2004 £
Raw materials and consumables	343,846	-
Finished goods and goods for resale	166,213	-
	<u>510,059</u>	<u>-</u>

12 Debtors

	Group 2004 £	Company 2004 £
Trade debtors	792	-
Other debtors	43,405	28,324
Prepayments and accrued income	1,564,732	387,203
Deferred tax asset (see note 15)	771,000	-
	<u>2,379,929</u>	<u>415,527</u>

13 Creditors : amounts falling due within one year

	Group 2004 £	Company 2004 £
Net obligations under finance lease and hire purchase contracts	84,198	-
Trade creditors	3,774,135	4,367
Taxes and social security costs	234,678	12,289
Other creditors	40,731	-
Accruals and deferred income	2,650,845	68,875
	<u>6,784,587</u>	<u>85,531</u>

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

14 Creditors : amounts falling due after more than one year

	Group 2004 £	Company 2004 £
Other loans	1,000,000	5,780,000
Net obligations under finance leases and hire purchase agreements	223,259	-
	<u>1,223,259</u>	<u>5,780,000</u>
Wholly repayable within five years	<u>1,000,000</u>	<u>5,780,000</u>
In more than two years but not more than five years	<u>1,000,000</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	84,198	-
Repayable between one and five years	223,259	-
	<u>307,457</u>	<u>-</u>
Included in liabilities falling due within one year	<u>(84,198)</u>	<u>-</u>
	<u>223,259</u>	<u>-</u>

Security is held by a fixed and floating charge over all of the property and assets of the company in favour of the Bank of Scotland.

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

15 Provisions for liabilities and charges Group

Other
£

Balance at 27 August 2003 & at 1 May 2004	544,555
Credit for the year	1,734,897
Utilised during the year	(193,288)
	<u>2,086,164</u>
Balance at 1 May 2004	<u>2,086,164</u>

The provision comprises:

Restructuring costs*	<u>2,086,164</u>
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* calculated using a discount rate of 2%.

The deferred tax asset (included in the debtors, note 12) is made up
as follows:

2004
£

Balance at 1 May 2004	<u>(771,000)</u>
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2004
£

Shortfall of capital allowances over depreciation charged	(737,000)
Other timing differences	(34,000)
	<u>771,000</u>

16 Pension costs

Defined contribution

2004
£

Contributions payable by the company for the period	<u>338,260</u>
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COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

17 Share capital	2004 £
Authorised	
200,001 Ordinary Shares of £1 each	200,001
13,333 A Ordinary Shares of 1p each	133
300,000 B Ordinary Shares of £1 each	300,000
	<u>500,134</u>
Allotted, called up and fully paid	
200,001 Ordinary Shares of £1 each	200,001
13,333 A Ordinary Shares of 1p each	133
300,000 B Ordinary Shares of £1 each	300,000
	<u>500,134</u>

During the period 200,000 Ordinary shares of £1 each were issued at a premium of £2 per share. A further 1 Ordinary share of £1 each was issued at par. Also during the year the following shares were issued at par: 13,333 "A" Ordinary shares of £0.01 each and 300,000 "B" Ordinary shares of £1 each.

The Ordinary shares, the "A" Ordinary shares and the "B" Ordinary shares have the following rights and restrictions:

As regards income

The Ordinary shares and the "A" Ordinary shares rank pari passu and entitle the holder to any dividend out of the profits of the company. The "B" Ordinary shares do not entitle the holder to any such dividends.

As regards capital

All shares rank pari passu upon a winding up of the company or other return of capital. Upon a sale or listing, however, the Ordinary shares and the "A" Ordinary shares shall rank pari passu whilst the "B" Ordinary shares shall entitle the holders thereof to £0.0001 for each "B" Ordinary share held at that time.

As regards voting rights

The Ordinary shares and the "A" Ordinary shares entitle their holders to receive notice of, and to attend and vote at, general meetings of the company. The "B" Ordinary shares do not transfer any such rights.

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

18 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Profit and loss account £
Retained loss for the period	-	-	(3,527,350)
Premium on shares issued during the year	400,000	-	-
Balance at 1 May 2004	400,000	-	(3,527,350)

Company

	Share premium account £	Profit and loss account £
Retained loss for the period	-	(7,552)
Premium on shares issued during the year	400,000	-
Balance at 1 May 2004	400,000	(7,552)

19 Reconciliation of movements in shareholders' funds

Group

	2004 £
Loss for the financial period	(3,527,350)
Proceeds from issue of shares	900,134
Net depletion in shareholders' funds	(2,627,216)
Opening shareholders' funds	-
Closing shareholders' funds	(2,627,216)

Company

	2004 £
Loss for the financial period	(7,552)
Proceeds from issue of shares	900,134
Net addition to shareholders' funds	892,582
Opening shareholders' funds	-
Closing shareholders' funds	892,582

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

20 Financial commitments

At 1 May 2004 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	Other 2004 £
Expiry date:		
Within one year	709,777	12,469
Between two and five years	1,404,545	117,654
In over five years	2,059,555	-
	<u>4,173,877</u>	<u>130,123</u>

21 Capital commitments

	Group 2004 £	Company 2004 £
Contracted for but not provided in the financial statements	<u>367,278</u>	<u>-</u>

22 Directors' emoluments

	2004 £
Emoluments for qualifying services	155,338
Pensions to former directors	19,454
	<u>174,792</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2.

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

23 Employees

Number of employees

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

	2004 Number
Selling and distribution	944
Administration	64
	<u>1,008</u>

Employment costs

	£
Wages and salaries	12,548,710
Social security costs	734,586
Other pension costs	357,714
	<u>13,641,010</u>

COOKS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 MAY 2004

24 Acquisition of a subsidiary undertaking

On 8 November 2003, the company acquired the whole of the issued share capital of Three Cooks Limited for £4,797,665. This transaction has been accounted for under the acquisition method of accounting. The amount of negative goodwill arising is being credited to consolidated profit and loss account over its useful economic life.

From 4 May 2003 to 7 November 2003 Three Cooks Limited had turnover of £22,358,378, operating losses of £496,268 and a loss before tax of £500,782. For the year ended 3 May 2003, the company made a loss before taxation of £2,466,923.

The following table sets out the book values of the identifiable assets and liabilities acquired. In all cases book value equated to fair value.

	Book and fair value £
Tangible fixed assets	3,230,878
Stocks	606,162
Debtors	6,089,977
Deferred tax asset	771,000
Cash and bank	860,904
	<hr/>
	11,558,921
Creditors	(4,755,573)
Provisions	(884,045)
	<hr/>
Net assets	5,919,303
	<hr/>
Goodwill	(1,121,638)
	<hr/>
Purchase consideration and cost of acquisition	4,797,665
	<hr/>
Satisfied by:	<hr/>
Cash	4,797,665
	<hr/>
Net cash inflows in respect of the acquisition comprised:	
	<hr/>
Cash consideration	4,797,665
Cash at bank and in hand acquired	860,904
	<hr/>
	5,658,569
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