



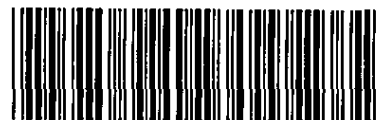
Argent Group Europe Limited

Directors' report and financial statements

Registered number 05823362

31 December 2008

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Company information

Directors

J R Sclater CVO (Chairman)
D J Gray
A P H Hunter
A N Joy
A J Barnes

Secretary

A J Barnes

Registered number

05823362 (England & Wales)
5th Floor
9 Hatton Street
London NW8 8PL

Auditors

KPMG LLP
8 Salisbury Square
London EC4Y 8BB

Solicitors

Solomon Taylor & Shaw
3 Coach House Yard
Hampstead High Street
London NW3 1QD

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 2008.

Principal activities

The activities of the Group principally concern the processing, manufacture and marketing of meat, fresh produce, animal by-products and waste management.

Argent Group Europe Limited ("the Company"), formerly known as Argyll Group Europe Limited, is the holding company for the Argent Group Europe Ltd group ("the Group"). Details of the principal operating subsidiaries are set out in note 12.

Business review and state of affairs

a) Trading

	2008	2007
	£'000	£'000
Turnover	403,864	351,416
Operating profit – continuing operations	8,919	7,886
Profit before tax	7,710	6,483
Profit for the financial year	5,823	5,092

The year saw steadily worsening economic conditions with sharp rises in input costs, particularly raw materials and energy, and falling consumer confidence. In these circumstances, the Group delivered good results and operating profit increased by 13%. Profit before tax and amortisation of goodwill rose by 25%. These results demonstrate the resilience of the Group when faced with a number of challenges, most notably the pressure on consumer spending and sharply higher commodity costs.

Revenue grew by 15% to £403.9 million driven, in part, by our ability to recover rising input costs, but also by volume increases reflecting our past investment in supply improvements and acquisitions made towards the end of 2007. Commodity cost inflation has been a feature for all of our food businesses this year. Some had seen costs rise at the end of 2007 and had already begun pricing negotiations with customers. Commodity price increases continued into 2008 together with steeply rising energy costs. Our businesses reacted quickly to recover these costs by raising prices. The fruit business achieved strong growth in turnover. Like-for-like sales growth was satisfactory in a marketplace which, as a whole, became progressively tighter during the year with diminishing margins. The Group's meat businesses made progress in the year, delivering higher profits against a background of sharply rising commodity costs. In most cases, successful steps were taken to adjust sales prices, although there was a lag in the ability to recover exceptional rises in the cost of beef. Our by-products businesses achieved strong profit growth as turnaround strategies took effect, assisted by favourable currency movements. While part of the success of our businesses was due to their ability to operate well in extremely volatile commodity markets, long-term improvements in fundamentals played a major role. The businesses have demonstrated their agility by responding quickly to a volatile market. They have developed their customer and supplier relationships with strong market positions providing confidence in difficult economic conditions.

Operating working capital at the financial year end was some £1.2 million higher than last year end driven mainly as a consequence of the rises in input prices. Although the Group was well within its borrowing facilities at year end, we have secured additional borrowing capacity since then in anticipation of further investment in working capital.

We disposed of our Scottish rendering operation, Barker & Hird (WF) Limited ("Forrest"), in January 2008. Forrest had been re-acquired by the Group in March 2007, having previously been demerged along with Argent Energy but the shareholders decided that it was in the best interests of both the Group and the company for it to return to the Group's ownership at that time. The business faced considerable competitive and environmental pressures in 2007 and a decision was taken to dispose of it for £4 million, allowing the Group to reduce its gearing and strengthen its balance sheet at a time of considerable uncertainty in financial markets. The Group also disposed of its south-western rendering business at Peninsular Proteins on 20th March 2009 for £1.1 million, following the conclusion of its single government contract.

Key financial performance indicators include the monitoring of profitability, asset cover and liquidity.



	2008	2007	Measure
Return on capital employed	29%	24%	EBIT/average capital employed
Current ratio	1.3:1	1.3:1	Current assets/current liabilities
Acid test ratio	1.1:1	1.1:1	Current assets less stock/current liabilities
Working capital days	15.4 days	16.4 days	Working capital/sales per day
Sales per employee (£000)	438	350	Turnover/average number of employees
Book gearing	32%	50%	Net debt/capital employed
Debt to equity	1.0:1	1.8:1	Debt/equity
Equity to total assets	22%	18%	Equity/total assets
Interest cover	9.5	6.1	EBIT/interest payable

b) Capital expenditure and cash flow

Free cash flow from operating activities was £10.4 million compared to £8.1 million last year. This reflects a working capital movement of £1.2 million to support the growth in activity and as a consequence of the increase in commodity prices. The Group invested £1.6 million in capital expenditure, mainly on plant, machinery and fittings to expand and upgrade factory performance. A further £2 million was paid in respect of deferred purchase consideration for acquisitions completed in 2007. £4 million was realised on the disposal of Forrest.

Cash and cash equivalents totalled £10.3 million at the year end. The Group had total committed banking facilities amounting to £29.8 million at the year end, of which £12.9 million was drawn. Currency facilities amounting to €3 million expire in September 2009. In anticipation of further investment and to accommodate the seasonal build of working capital at the half year, further committed facilities were secured shortly after the year end. Net borrowings were £9.4 million at the year end compared with £15.9 million last year.

c) Outlook

The economies in which the Group operates face extremely testing conditions. There is also very great uncertainty about how these conditions will develop over the coming year. The Group's businesses will not be immune to a worsening economic climate. However, by virtue of the nature, range and market position of the Group's businesses we are well placed to face this demanding environment. We expect to maintain capital investment at planned levels in spite of the economic outlook. We anticipate further growth in sales as a result of improved availability of produce over the coming year but little change in earnings owing to continued pressure on margins. The Group has a strong balance sheet and adequate committed borrowing facilities, which enables it to consider opportunities for development in the food sector.

d) Risks

The risk management process in Argent Group 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. Each business is responsible for regularly assessing 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 and fruit commodities. The Group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers.

Other principal risks and uncertainties affecting the business include the following:

Competitive risk: the Group operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor.

Food safety risk: The Group derives over 96% of its turnover from the production and marketing of food products. In order to manage food safety risks, our sites operate food safety systems that are regularly reviewed to ensure they remain effective, including compliance with regulatory requirements for hygiene and food safety. Our food products are processed to high standards regardless of where they are manufactured. Despite these safety measures, there is a risk our products may not meet quality or health and safety standards. Any failure to meet quality and standards may be expensive to remedy and may have an adverse effect on our reputation and financial condition. The group maintains insurance which would mitigate some cost incurred in these circumstances.

Financial risks: Treasury operations are conducted within a framework of board-approved policies and guidelines to manage the Group's financial risks. Financial risks arise through exposure to foreign currencies, interest rates, counterparty credit and borrowing facilities.



Currency translation risk: the results of the Group's foreign subsidiaries are translated into Sterling at the average exchange rates for the period concerned. The balance sheets of foreign subsidiaries are translated into Sterling at the closing exchange rates. Any gains and losses resulting from translation are recorded in profit and loss reserve. The Group does not hedge translation exposure by forward exchange contracts or currency swaps. The Group maintains borrowings in foreign currencies to mitigate the risk of translation exposures arising on unremitted non-UK earnings.

Currency transaction exposure: this arises where actual sales and purchases are made by a business unit in a currency other than its own functional currency. The majority of sales are made in the business units' own functional currency to minimise this risk. The Group hedges certain transaction exposures by the use of forward exchange contracts.

Interest rate risk: the Group'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: our businesses are exposed to counterparty credit risk when dealing with customers and from certain financing activities. The Group 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 Group level and, where appropriate, limits are set for higher risk counterparties. Concentrations of credit risk are limited as a result of the Group's large and diverse customer base. In addition, the Group maintains credit insurance where necessary.

Liquidity risk: the Group 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: Argent Group Europe Limited recognises the impact that its businesses have on the environment. Therefore, as a minimum, we aim to comply with current applicable legislation of the countries in which we operate, 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 Group 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. All of the Group's business units have named accountable senior executives who employ specialists to manage these risks. The Group 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.

Litigation: the Group 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.

Loss of a major site: the Group operates from many 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 Group insurance programmes to mitigate the financial consequences.

Results and dividends

The results for the year are set out in the Group Profit and Loss account on page 13. The profit for the year attributable to equity shareholders amounted to £6,054,000 (2007: £4,531,000). Interim dividends of £2.50 per share amounting to £1,281,000 (2007: £1,152,000) were paid on ordinary shares and a further £1.00 per share amounting to £512,000 was authorised by the Board for and in the year ending 31 December 2008, paid in January 2009. No further dividend is recommended. It is the Board's intention to reinvest retained earnings in value enhancing opportunities within the businesses.



Fixed assets

The Group's tangible fixed assets are included in the financial statements at depreciated historic cost. The properties are employed in the business and many of them were acquired when market values were lower than at present. The directors consider that a surplus over book value exists but have not quantified the excess.

Research and development

The Group is constantly reviewing its products and services to ensure that they meet the demands of its existing or prospective customers. To that end, the Group's companies undertake development projects to refine existing or to develop new products.

Directors

The directors who served during the year were as follows;

J R Sclater
D J Gray
A P H Hunter
A J Barnes
A N Joy

Employees

The Group 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.

Charitable and political contributions

The UK companies of the Group made donations for charitable purposes during the year, which amounted to £10,124 (2007: £12,918). No political donations were made.

Payment policy and practice

The Group does not have a formal code that it follows with regard to payments to suppliers. Each company in the Group is responsible for agreeing terms and conditions under which business transactions with its suppliers are conducted. Accordingly, the Group has, and will continue to have, a variety of payment terms. It is Group policy, however, that terms are agreed with suppliers when entering into contracts and that suppliers are made aware of these terms. Payment terms are adhered to, provided the relevant goods and services have been supplied in accordance with the contract. Group policy will continue to apply for the current financial year.

Going concern

The directors are confident, having reviewed the Group's budget for the financial year ending 31 December 2009 and relevant plans beyond that date, that the Group and the company have 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 Group's committed borrowing facilities. It is, therefore, considered appropriate to adopt the going concern basis in preparing the financial statements.



Disclosure of information

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. For these purposes, relevant audit information means information needed by the Company's auditors in connection with preparing their report on page 12.

Auditors

Pursuant to section 487 of Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'A J Barnes', written over a horizontal line.

A J Barnes
Company Secretary

5th Floor
9 Hatton Street
London
NW8 8PL
7 April 2009



Corporate Citizenship

The purpose and values of the business

Argent Group Europe Limited is an international food and related products group with annual sales of £404 million and over 900 employees.

Our aim is to concentrate our energies and expertise to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth. We are also searching for more efficient and more profitable ways to manufacture food and ways to employ our technology and expertise in other areas.

As a responsible corporate citizen, we aim to act in a socially responsible manner at all times. The Group's organisational structure is highly decentralised and so the responsibility for managing environmental, social and ethical issues rests with the management of each business unit. Our businesses develop procedures appropriate to and compliant with local laws, cultures and operating conditions but within the overall context of minimum overriding procedures.

The board reviews the safety and environmental performance of the businesses regularly, as well as reviewing the outcome of any external assurance processes. Businesses are required to develop and implement action plans as appropriate, and progress is monitored by the Group Health and Safety Manager.

Overriding principles

Following the introduction of new provisions concerning the duties of directors under the Companies Act 2006, directors must act in the way they consider, in good faith, would be most likely to promote the long-term success of the Company for the benefit of its members as a whole. In doing so, the directors should have regard to a number of factors listed in the Act. Those factors include having regard to the Company's employees, the need to foster the Company's business relationships with suppliers and others, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

The Argent Group Europe business principles are an essential part of our business. They form part of our long-term strategy and their application across the Group is under constant review. With this in mind, we have reaffirmed our commitment to a number of overriding principles.

Employees

Our employees are our most crucial resource and, therefore, we abide by the following principles:

Equal opportunities – we are 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 Group an opportunity for retraining.

Health and safety – we consider health and safety as equal in importance to any other function of the Group and its business objectives.

Harassment – we will not tolerate sexual, physical or mental harassment in the workplace. We expect incidents of harassment to be reported to the appropriate human resources manager.

Communication – we will brief employees and their representatives on all relevant matters on a regular basis.

Security – the security of our staff and customers is paramount and we will at all times take the necessary steps to minimise risks to their safety.

Ethical business practices

Competition – we are committed to free and fair competition and we will compete strongly but honestly complying with all local competition laws.

Bribery – we 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 – financial donations are not permitted to political parties.

Confidentiality and accuracy of information – the confidentiality of information received in the course of business will be respected and 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 very 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.

Food safety

We recognise and acknowledge that consumer confidence in the quality and safety of our food products is essential. To this end a high priority is placed on all aspects of food safety.

In order to manage food safety risks, our sites operate food safety systems that are regularly reviewed to ensure they remain effective, including compliance with all regulatory requirements for hygiene and food safety. Our food products are made to high standards regardless of where they are manufactured. We will always put food safety before economic considerations.

Environment

We recognise the impact that our businesses have on the environment and, as a minimum, we comply with current applicable legislation of the countries in which we operate.

Other stakeholder relationships

Customers

We seek to be honest and fair in our relationships with our customers, and above all to provide the standards of product and service that have been agreed, whilst at the same time offering value for money. At all times we take reasonable steps to ensure the safety and quality of the goods or services that we provide.

Suppliers

We carry out our business honestly, ethically and with respect for the rights and interest of our suppliers. We settle our bills promptly and we co-operate with suppliers to improve quality and efficiency. We seek to develop relationships with supplier companies that are consistent with these basic principles, and specifically with respect to human rights and conditions of employment. Where supplier audits show shortcomings in any of these areas, we strive to encourage a programme of improvement leading to compliance. Responsibility for specific supply codes and agreements rests with individual companies.

The wider community

We recognise our responsibilities as a member of the communities in which we operate and encourage our operating companies to engage with the local community in their areas of operation. Examples of this include “The Waitrose Foundation”, which was launched in 2005 and represents a partnership created to improve the lives of the farm workers who grow and pick our South African fruit.

Applying our principles

These business principles apply to all our employees and are a minimum standard for their behaviour. Operating companies may have additional standards. Failure to comply with our principles may result in disciplinary action.



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

The directors are responsible for preparing the Annual 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).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss 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 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 and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Argent Group Europe Limited

We have audited the group and parent company financial statements ("the financial statements") of Argent Group Europe Limited for the year ended 31 December 2008 which comprise of the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Reconciliation of net cash flow to movement in net debt, the Consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 11.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company'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, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
London

7th April 2009



**Consolidated profit and loss account
for the year ended 31 December 2008**

	Note	2008 £'000	2007 £'000
Turnover			
Existing operations		406,391	342,720
Acquisitions		-	1,262
Continuing operations		406,391	343,982
Discontinued operations		2,333	8,488
Group and share of joint ventures		408,724	352,470
Less share of joint ventures		(4,860)	(1,054)
Group turnover	2	403,864	351,416
Cost of sales		(365,068)	(318,646)
Gross profit		38,796	32,770
Distribution costs		(7,925)	(7,179)
Administrative expenses		(22,794)	(18,717)
Other operating income		621	841
Operating profit			
Existing operations		8,919	8,013
Acquisitions		-	(127)
Continuing operations		8,919	7,886
Discontinued operations		(221)	(171)
		8,698	7,715
Share of associates' operating profit		57	17
(Loss)/profit on disposal of fixed assets		(139)	17
Other interest receivable and similar income		156	1,125
Interest payable and similar charges	6	(1,062)	(2,391)
Profit on ordinary activities before taxation	3	7,710	6,483
Tax on profit on ordinary activities	7	(1,887)	(1,391)
Profit for the financial year		5,823	5,092
Attributable to:			
Equity shareholders of the parent		6,054	4,531
Minority interests	24	(231)	561
Profit for the financial year		5,823	5,092



Consolidated statement of total recognised gains and losses
for the year ended 31 December 2008

	2008 £'000	2007 £'000
Profit for the financial year		
Group	5,781	5,079
Share of associates	42	13
	5,823	5,092
Currency translation difference on foreign currency net investments	892	295
Actuarial (losses)/gains relating to the pension schemes	(1,196)	194
Deferred tax attributable to actuarial (losses)/gains	335	(107)
Total recognised gains and losses relating to the financial year	5,854	5,474



**Consolidated balance sheet
at 31 December 2008**

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Intangible assets	10		7,110		8,291
Tangible assets	11		13,269		16,289
Investments					
Associate	12		157		106
Other investments	12		148		173
			<u>20,684</u>		<u>24,859</u>
Current assets					
Stock	13	11,533		9,861	
Debtors: due within one year	14	43,255		42,177	
Cash at bank and in hand		<u>10,255</u>		<u>12,260</u>	
		65,043		64,298	
Creditors: amounts falling due within one year	15	<u>(50,687)</u>		<u>(48,693)</u>	
Net current assets			<u>14,356</u>		<u>15,605</u>
Total assets less current liabilities			35,040		40,464
Creditors: amounts falling due after more than one year	16		(12,758)		(22,510)
Provisions for liabilities and charges	20		<u>(318)</u>		<u>(282)</u>
Net assets excluding post-retirement benefits			21,964		17,672
Post-retirement benefits	28		<u>(2,183)</u>		<u>(1,737)</u>
Net assets including post-retirement benefits			<u>19,781</u>		<u>15,935</u>
Capital and reserves					
Called up share capital	21		51		51
Capital redemption reserve	22		5		5
Merger reserve	22		468		468
Profit and loss account	22		<u>18,051</u>		<u>13,974</u>
Shareholders' funds					
Equity attributable to equity shareholders of the parent			18,575		14,498
Minority interest	24		<u>1,206</u>		<u>1,437</u>
Total equity	23		<u>19,781</u>		<u>15,935</u>

These financial statements were approved by the board of directors on 7 April 2009 and were signed on its behalf by:

A J Barnes
Director



Company balance sheet
at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Investments	12		51		51
Current assets					
Other debtors		4		2	
Cash at bank and in hand		<u>7,253</u>		<u>485</u>	
		7,257		487	
Creditors: amounts falling due within one year	15	<u>(538)</u>		<u>(6)</u>	
Net current assets			<u>6,719</u>		<u>481</u>
Net assets			<u>6,770</u>		<u>532</u>
Capital and reserves					
Called up share capital	21		51		51
Profit and loss account	22		<u>6,719</u>		<u>481</u>
Equity shareholders' funds	23		<u>6,770</u>		<u>532</u>

These financial statements were approved by the board of directors on 7 April 2009 and were signed on its behalf by:

A J Barnes
Director



Consolidated cash flow statement
for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	25	10,412	8,146
Returns on investments and servicing of finance	27	(803)	(1,407)
Taxation		(2,421)	(1,291)
Capital expenditure and financial investment	27	2,427	(1,959)
Acquisitions	27	-	(7,829)
Equity dividends paid	9	(1,281)	(1,152)
Minority dividends paid	24	(215)	-
Cash inflow/(outflow) before financing		8,119	(5,492)
Financing	27	(9,954)	6,399
(Decrease)/increase in cash in the year		(1,835)	907



**Reconciliation of net cash flow to movements in net debt
for the year ended 31 December 2008**

	2008	2007
	£'000	£'000
(Decrease)/increase in net cash in the year	(1,835)	907
Cash outflow/(inflow) from decrease/increase in debt and lease financing	8,490	(14,505)
Change in net debt resulting from cash flows	6,655	(13,598)
Exchange rate movement	(170)	521
Movement in net debt	6,485	(13,077)
Net debt at 1 January	(15,923)	(2,846)
Net debt at 31 December	(9,438)	(15,923)



Notes to the financial statements (for the year ended 31 December 2008)

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 Group'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.

As permitted by the Companies Act 1985, a separate profit and loss account for the Company has not been included in these financial statements. As permitted by Financial Reporting Standard 1 – "Cash Flow Statements" – no cash flow statement for the Company has been included on the grounds that the Group includes the Company in its own published consolidated financial statements. As permitted by Financial Reporting Standard 8 – "Related Party Transactions" – no related party disclosures for the Company have been included.

Basis of consolidation

The company was incorporated on 19 May 2006. In May 2006 Argent Group Europe Ltd acquired, by way of a scheme of arrangement, the entire issued share capital of Argent Group Europe Limited held by Enerfood Holdings Limited in exchange for the issue of ordinary shares in Argent Group Europe Limited with no change to the proportionate shareholders' rights. This group reconstruction has been accounted for in accordance with the principles of merger accounting set out in Financial Reporting Standard 6 – "Acquisitions and Mergers". The financial information, is therefore, presented as if Argent Group Europe Limited and its subsidiaries had always been owned and controlled by the company.

The Group's financial statements include the accounts of Argent Group Europe Limited and its subsidiaries controlled by the company and are drawn up to 31 December each year. Control exists where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates profits less losses while the Group's share of net assets of the associates is shown in the consolidated balance sheet.

Business combinations

On the acquisition of a business or an interest in a joint venture or associate, fair values are attributed to the identifiable assets and liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

Goodwill

Goodwill represents the excess or deficit of the cost of businesses or shares in subsidiaries over the fair value of the separable net assets acquired. The accounting treatment of goodwill is appraised for each individual acquisition and is charged or credited to the profit and loss account by equal instalments over its estimated useful economic life, not exceeding twenty years. Provision is made for any impairment.

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.

Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.



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 or valuation 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:

Freehold buildings	- over 25 to 100 years
Leasehold buildings	- over the lease term
Plant and machinery	- over 3 to 10 years
Fixtures, fittings and office equipment	- over 1 to 5 years

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.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

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

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 Group 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.

Pension costs and other post-retirement benefits

The Group's principal pension funds are defined benefit plans. In addition the Group has defined contribution plans.

Defined benefit schemes

For defined benefit plans the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the year. Other finance income/charges in the profit and loss account includes a credit equivalent to the group's expected return on the pension plan's assets over the year, offset by a charge equal to the expected increase in the plan's liabilities over the year. The difference between the market value of the plan's assets and the present value of the plan's liabilities is disclosed as an asset or liability on the group balance sheet, net of deferred tax (to the extent that it is recoverable). Any differences between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plans, are recognised in the statement of total recognised gains and losses.

Defined contribution schemes

Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.



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. The results of foreign subsidiary undertakings are translated into Sterling at average rates of exchange for the year. Differences arising from the translation of group investments in foreign subsidiary and associated undertakings and related foreign currency borrowings or hedges are treated as movements on reserves. Other gains and losses arising from foreign currency transactions are included in the profit and loss account.

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 Group, 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.

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.

Financial instruments

The Group enters into transactions in the normal course of business using a variety of financial instruments, including spot and forward exchange contracts, in order to reduce exposure to foreign exchange risk and interest rate fluctuations. The Group does not hold or issue derivative financial instruments for speculative purposes. Financial assets and liabilities are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest payable or receivable is accrued, and recognised in the profit and loss account in the period to which it relates.

Government grants

Capital grants received are shown as deferred income and credited to the profit and loss account by instalments on a basis consistent with the applicable depreciation policy. Government grant assistance of a revenue nature is credited to the profit and loss account in the same period as the related expenditure.

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. Segmental analysis

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure and combines businesses with common characteristics. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Group and central adjustments represent unallocated items and corporate assets and expenses.

Business segments

The Group comprises three reporting segments: Meat, Produce, and Animal By-Products & Waste Management. An analysis of turnover, profit before interest and net operating assets has been provided by reportable segment.



Comparative figures have been provided to enhance the usefulness of this disclosure.

Turnover, profit on ordinary activities before interest and taxation, and operating net assets are attributable to the following classes of business:

	Turnover £'000	2008 Profit/(loss) before interest £'000	Operating net assets £'000	Turnover £'000	2007 Profit/(loss) before interest £'000	Operating net assets £'000
Meat	159,510	2,860	11,562	137,777	2,231	8,859
Produce	229,208	3,631	12,127	197,201	5,895	12,489
Animal by-products	15,146	1,814	4,552	16,438	(669)	8,939
Group & central adjustments	-	311	2,856	-	292	3,417
	<u>403,864</u>	<u>8,616</u>	<u>31,097</u>	<u>351,416</u>	<u>7,749</u>	<u>33,704</u>

There is no significant turnover between business segments.

Geographical segments

The secondary format, geographical segments, presents turnover, profits and assets for the following geographical segments; United Kingdom, Continental Europe, North America and Rest of the World.

	Turnover by destination	
	2008 £'000	2007 £'000
United Kingdom	380,666	332,925
Continental Europe	18,245	14,877
North America	76	113
Rest of the world	4,877	3,501
	<u>403,864</u>	<u>351,416</u>

Turnover, profit on ordinary activities before interest and taxation, and operating net assets by geographical origin:

	Turnover £'000	2008 Profit/(loss) before interest £'000	Operating net assets £'000	Turnover £'000	2007 Profit/(loss) before interest £'000	Operating net assets £'000
United Kingdom	384,355	8,628	23,491	335,901	8,549	27,720
Rest of the world	19,509	(12)	7,606	15,515	(800)	5,984
	<u>403,864</u>	<u>8,616</u>	<u>31,097</u>	<u>351,416</u>	<u>7,749</u>	<u>33,704</u>



3. Profit on ordinary activities before tax

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
- fees payable to the company's auditor for the audit of the company's annual accounts	2	2
- fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	193	244
- tax services	5	5
Amortisation of goodwill	1,120	562
Impairment of goodwill	-	288
Impairment of fixed assets	-	278
Depreciation of tangible fixed assets		
- owned assets	1,720	2,341
- assets held under finance leases and hire purchase contracts	348	253
Operating lease rentals		
- plant and machinery	1,057	944
- land and buildings	<u>1,028</u>	<u>1,067</u>

4. Directors' remuneration

	2008 £'000	2007 £'000
Emoluments	1,123	953
Company contributions to money purchase pension schemes	<u>72</u>	<u>67</u>
	<u>1,195</u>	<u>1,020</u>

Remuneration of the highest paid director:

	2008 £'000	2007 £'000
Emoluments	399	339
Company contributions to money purchase schemes	<u>48</u>	<u>46</u>
	<u>447</u>	<u>385</u>

The number of directors who:

	Number of directors 2008	2007
Are members of a money purchase pension scheme	<u>3</u>	<u>3</u>



5. Employment

The average monthly number of employees (including executive directors) was as follows:

	Number of employees	
	2008	2007
Production and distribution	704	784
Management	44	47
Administration	148	146
Other	26	27
	<u>922</u>	<u>1,004</u>

Their aggregate remuneration comprised:

	2008	2007
	£'000	£'000
Wages and salaries	28,012	27,341
Social security costs	2,490	2,275
Other pension costs	956	945
	<u>31,458</u>	<u>30,561</u>

6. Interest payable and similar charges

	2008	2007
	£'000	£'000
Interest payable on bank loans and overdrafts	839	1,981
Finance charges in respect of finance leases and hire purchase contracts	95	92
Other interest payable and similar charges	446	300
Net (income)/charge on pension assets and liabilities	(318)	18
	<u>1,062</u>	<u>2,391</u>



7. Tax on profit on ordinary activities

The tax charge represents:

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax at 28.5% (2007: 30%)	2,192	2,159
Foreign tax	46	65
Adjustments in respect of prior years		
UK corporation tax	(373)	25
Foreign tax	16	(2)
Total current tax	1,881	2,247
Deferred tax:		
Origination and reversal of timing differences	(121)	(819)
Adjustments in respect of prior years	(35)	(101)
Adjustment in respect of post-retirement benefits	162	64
Total deferred tax	6	(856)
Total tax on profit on ordinary activities	1,887	1,391

Reconciliation of effective tax rate

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:

Profit on ordinary activities before tax	7,710	6,483
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,197	1,945
Effects of:		
Expenses not deductible for tax purposes	430	505
Non-taxable income	(3)	(65)
Capital allowances in excess of depreciation	(1)	(245)
Other timing differences originating in the year	45	(31)
Utilisation of tax losses	(421)	126
Tax rate differences	(9)	(11)
Adjustments to tax charge in respect of prior years	(357)	23
Current tax charge	1,881	2,247

Factors that may affect future tax charges:

The group earns its profits primarily in the United Kingdom. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate of UK corporation tax, currently 28%.

A deferred tax asset amounting to £898,000 for capital losses has not been recognised because, in the opinion of the directors, there will be no suitable taxable gains available in the foreseeable future.

The Group's planned level of capital investment is expected to remain at similar levels of investment. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year.



8. Profit attributable to the Company

As permitted by Section 230 of the Companies Act 1985 a separate profit and loss account for the company has not been presented in respect of the parent company. The profit attributable to shareholders for the period includes a profit of £31,000 (2007: £6,000 loss) excluding inter-company dividends, which is eliminated on consolidation of the group results.

9. Dividends

	2008 £'000	2007 £'000
Ordinary shares		
Dividends paid – interim dividend of £2.50 per share (2007: £2.25 per share)	1,281	1,152
Dividends declared – interim dividend of £1.00 per share (2007: nil per share)	512	-
	<u>1,793</u>	<u>1,152</u>

10. Intangible assets

	Goodwill £'000
Cost	
At beginning of year	10,525
Disposals	(61)
At end of year	<u>10,464</u>
Amortisation	
At beginning of year	(2,234)
Charge for the year	(1,120)
At end of year	<u>(3,354)</u>
Net book value	
At 31 December 2008	<u>7,110</u>
At 31 December 2007	<u>8,291</u>

Purchased goodwill is being amortised on a straight line basis over periods ranging from 5 to 10 years. This reflects the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.



11. Tangible fixed assets

	Freehold properties £'000	Leasehold properties £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At beginning of year	10,107	1,241	28,590	39,938
Additions	71	6	2,290	2,367
Disposals	(1,472)	(63)	(5,119)	(6,654)
Effects of movements in foreign exchange	938	-	2,602	3,540
At end of year	<u>9,644</u>	<u>1,184</u>	<u>28,363</u>	<u>39,191</u>
Depreciation				
At beginning of year	2,411	870	20,368	23,649
Charge for year	303	27	1,738	2,068
Eliminated on disposals	(100)	(141)	(2,367)	(2,608)
Effects of movements in foreign exchange	490	-	2,323	2,813
At end of year	<u>3,104</u>	<u>756</u>	<u>22,062</u>	<u>25,922</u>
Net book value				
At 31 December 2008	<u>6,540</u>	<u>428</u>	<u>6,301</u>	<u>13,269</u>
At 31 December 2007	<u>7,696</u>	<u>371</u>	<u>8,222</u>	<u>16,289</u>

Leased assets included above:

	£'000
Net book amount at 31 December 2008	<u>1,231</u>
Net book amount at 31 December 2007	<u>1,203</u>

Leasehold properties includes properties with net book values £nil (2007: £25,000) held under a short term lease. Freehold land amounting to £2,837,000 (2007: £3,312,000) is not depreciated.

Argent Group Europe Limited, the company, does not hold any tangible fixed assets.



12. Fixed asset investments

Group	Associates £'000	Other investments £'000	Total £'000
Share of net assets/cost			
At beginning of year	106	178	284
Additions	9	-	9
Share of retained profit for the year	42	-	42
Effects of movements in foreign exchange	-	(25)	(25)
At end of year	<u>157</u>	<u>153</u>	<u>310</u>
Provisions for diminution in value			
At beginning and end of year	<u>-</u>	<u>5</u>	<u>5</u>
Net book value			
At 31 December 2008	<u>157</u>	<u>148</u>	<u>305</u>
At 31 December 2007	<u>106</u>	<u>173</u>	<u>279</u>

Listed investments included above:

	Group 2008 £'000	Group 2007 £'000
Net book value	<u>30</u>	<u>30</u>
Aggregate market value	<u>20</u>	<u>30</u>

The following information is given in respect of the Group's share of associates.

	2008 £'000	2007 £'000
Share of turnover	4,860	1,054
Share of current assets	635	432
Share of liabilities due within one year	(478)	(326)
Share of net assets	<u>157</u>	<u>106</u>

Company	Shares in group undertakings £'000
Cost	
At beginning and end of period	<u>51</u>

Argent Group Europe Limited, the company, does not hold any listed investments.



12. Fixed asset investments (continued)

The principal subsidiary companies are:

	Country of incorporation	Principal activity	Class and percentage of shares held
Aalsmeer Foods BV	Netherlands	Holding company	Ordinary – 100%
Argent By-Products Group Limited	England & Wales	Animal By-Products	Ordinary – 100%
Argent Europe Limited	England & Wales	Investments	Ordinary – 100%
Argent Group New Zealand Limited	New Zealand	Holding company	Ordinary – 100% Preference – 100%
Argent Holdings Limited	England & Wales	Investments	Ordinary – 100%
Argent Meat Traders Limited	England & Wales	Catering Butcher	Ordinary – 100%
Argyll Holdings Limited*	England & Wales	Investments	Ordinary – 100%
Bakx Foods BV	Netherlands	Meat processing	Ordinary – 100%
Barker & Hird (WF) Limited	Scotland	Waste management	Ordinary – 100%
Belwood Foods Limited	England & Wales	Animal By-Products	Ordinary – 100%
Berryworld Holdings Limited	England & Wales	Investments	Ordinary – 80%
Berryworld Limited	England & Wales	Soft fruit & produce	Ordinary – 80%
Fairfax Meadow Europe Limited	England & Wales	Catering Butcher	Ordinary – 100%
New Zealand Light Leathers Limited	New Zealand	Leather tanning	Ordinary – 100%
Norton Folgate Holdings Limited	England & Wales	Investments	Ordinary – 64%
Norton Folgate Marketing Limited	England & Wales	Stone fruit	Ordinary – 64%
Orchardworld Holdings Limited	England & Wales	Investments	Ordinary – 60%
Orchardworld Limited	England & Wales	Top fruit & produce	Ordinary – 60%
Barker & Hird (PP) Limited	England & Wales	Animal By-Products	Ordinary – 100%
Poupart Holdings Limited	England & Wales	Investments	Ordinary – 80% Preference – 80%
Poupart Limited	England & Wales	Fruit & produce	Ordinary – 80%
Tendercut Meats Limited	England & Wales	Meat processing	Ordinary – 100%
Traiteur Properties (Derby) Limited	England & Wales	Property	Ordinary – 100%
Traiteur Properties (KT) Limited	England & Wales	Property	Ordinary – 100%

* Held directly by Argent Group Europe Limited.

The information has only been given for the Group's active subsidiaries whose results or financial position, in the opinion of the directors, principally affected the figures shown in these financial statements as a list of all Group companies would result in disclosure of excessive length.

The Group has a 42.5% interest in Vitalberry BV, a company incorporated in the Netherlands, whose main activity is the marketing of soft fruit in its country of incorporation. There is no significant loan capital in this associate.

13. Stock

	Group 2008 £'000	Group 2007 £'000
Raw materials and consumables	7,159	5,372
Work in progress	449	467
Finished goods	3,925	4,022
	<u>11,533</u>	<u>9,861</u>



14. Debtors

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Amounts falling due within one year:				
Trade debtors	33,989	35,472	-	-
VAT recoverable	1,216	743	-	-
Other debtors	4,358	3,861	4	2
Prepayments and accrued income	3,236	1,801	-	-
Deferred tax recoverable (note 19)	456	300	-	-
	<u>43,255</u>	<u>42,177</u>	<u>4</u>	<u>2</u>

15. Creditors: amounts falling due within one year

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Bank loans and overdrafts (note 17)	5,108	3,419	-	-
Obligations under finance leases and hire purchase contracts (note 17)	527	422	-	-
Other loans (note 17)	1,300	2,110	-	-
Trade creditors	28,534	29,589	-	-
Corporation tax	585	1,187	12	-
Taxation and social security	1,690	1,662	-	-
Other creditors	7,346	4,628	526	6
Accruals and deferred income	5,597	5,676	-	-
	<u>50,687</u>	<u>48,693</u>	<u>538</u>	<u>6</u>

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

	Group 2008 £'000	Group 2007 £'000
Bank loans and overdrafts (note 17)	7,796	16,270
Obligations under finance leases and hire purchase contracts (note 17)	607	426
Other loans greater than one year (note 17)	4,355	5,535
Other creditors	-	279
	<u>12,758</u>	<u>22,510</u>



17. Borrowings

Loans and finance leases are repayable as follows:

	Group 2008 £'000	Group 2007 £'000
In the first year or on demand		
Bank loans and overdrafts	5,108	3,419
Finance leases	527	422
Other loans	1,300	2,110
In more than one year but not more than two years		
Bank loans and overdrafts	1,400	10,181
Finance leases	235	368
Other loans	500	1,510
In more than two years but not more than five years		
Bank loans and overdrafts	6,396	6,089
Finance leases	372	58
Other loans	1,000	4,025
After five years		
Other loans	<u>2,855</u>	<u>-</u>
	<u>19,693</u>	<u>28,182</u>

The Group had the following undrawn committed borrowing facilities available at 31 December:

	2008 £'000	2007 £'000
Expiry date:		
In one year or less	624	555
In more than one year but not more than two years	-	-
In more than two years	<u>16,304</u>	<u>13,838</u>
	<u>16,928</u>	<u>14,393</u>

On 14th January 2008, the Group repaid £4.4 million of its existing Sterling denominated term loan facilities. These facilities are repayable in quarterly instalments. Borrowings under this facility were fully drawn at £3,500,000 at 31 December 2008 (2007: £9,275,000). There were no borrowings under the Group's £6 million revolving credit facility at that date (2007: £nil). Any borrowings under this facility are repayable at the Group's option whilst retaining the flexibility to borrow again under the facility. Interest is payable at a variable rate 1.25% above LIBOR.

The Group has a secured credit facility denominated in Euros. This facility is repayable in quarterly instalments of €125,000 and in full on 1 September 2009. Borrowings under this facility amounted to €3,375,000 at 31 December 2008 (2007: €3,875,000). It is the Group's intention to use this facility as a hedge against Euro denominated assets and earnings. Interest is payable at a variable rate 1.125% above Euribor. The Group also has an overdraft facility of €250,000. There were no borrowings under this facility at 31 December 2008 (2007: £Nil).

The Group maintains an overdraft facility of NZ\$250,000, repayable on demand. The amount outstanding at 31 December 2008 was NZ\$250,000 (2007: NZ\$110,000). Interest is payable at a variable rate. The Group has a multi option facility of NZ\$1,750,000. The rate is fixed at the time of borrowing. The facility is renewable annually with the next review on 31 May 2009. There were NZ\$812,000 borrowings under this facility at 31 December 2008 (2007: NZ\$ 900,000).

The Group maintains several discreet invoice discounting facilities for £16,000,000 (2007: £15,000,000). These facilities are evergreen facilities with three months' notice period and are dependent upon the level of trade debtors in several of the Group's subsidiaries. The amount outstanding at 31 December 2008 was £5,696,000 (2007: £7,162,000). Interest is payable at a variable rate 1% above bank base rate.



18. Financial commitments

a) Operating lease commitments

The future minimum lease payments under operating leases are as follows:

Group

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	14	178	26	203
Between one and five years	123	884	197	717
After five years	890	-	843	24
	<u>1,027</u>	<u>1,062</u>	<u>1,066</u>	<u>944</u>

The company has no operating lease commitments.

b) Finance lease commitments

Finance leases are payable as follows:

Group

	2008 £'000	2007 £'000
Within one year	641	492
Between one and five years	634	397
After five years	38	63
	<u>1,313</u>	<u>952</u>
Less future finance charges	<u>(179)</u>	<u>(104)</u>
	<u>1,134</u>	<u>848</u>

The company has no finance leases.

c) Financial instruments

At 31 December 2008, the Group had entered into forward foreign exchange contracts totalling £5,501,000 (2007: £4,583,000). The company has no forward exchange contracts.

19. Deferred taxation

The analysis of deferred tax balances for the Group is as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	133	26
Other timing differences	160	194
Tax losses available	<u>163</u>	<u>80</u>
Deferred tax asset	<u>456</u>	<u>300</u>
Deferred tax asset/(liability) at the beginning of the year	300	(672)
Deferred tax on acquisitions	-	52
Deferred tax credit in profit and loss account for year	<u>156</u>	<u>920</u>
Deferred tax asset at the end of the year	<u>456</u>	<u>300</u>

Deferred tax in respect of the Group's defined benefit pension schemes is disclosed in note 28.



The net debit to the profit and loss account, including post-retirement benefits was £6,000 (2007 credit: £856,000).

Deferred tax assets of £849,000 (2007: £676,000) are included on the balance sheet separately within post-retirement benefits (note 28). During the period £162,000 (2007: £64,000) was charged to the profit and loss account and £335,000 was credited (2007: £107,000 charged) through the statement of total recognised gains and losses in respect of this movement.

Certain deferred tax assets and liabilities have been offset. The consolidated balance sheet discloses deferred tax assets of £569,000 (2007: £426,000) and deferred tax liabilities of £111,000 (2007: £126,000). The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. Other deferred tax assets amounting to £898,000 (2007: £1,135,000) in respect of capital losses and £4,322,000 (2007: £4,452,000) in respect of other losses have not been recognised on the basis that their future economic benefit is uncertain. In accordance with FRS19 these assets will be recognised when it is regarded as more likely than not that they will be recovered.

The company has no deferred tax assets or liabilities.

20. Provisions

Group	Leases £'000	Other £'000	Total £'000
At beginning of year	211	71	282
Created during the year	2	45	47
Utilised during the year	(34)	-	(34)
Foreign exchange movement	-	23	23
At end of year	179	139	318

Leases

Lease provisions relate to financial commitments payable under head leases in excess of the income expected under sub leases during the period from 2009 to 2013. Provision has also been made for the requirement to make repairs on dilapidations under the terms of certain leases.

Other

Other provisions comprise commitments for long service awards. The extent and timing of the utilisation of these provisions is uncertain given the period over which the relevant employee services are received.

21. Capital and reserves

Group and Company

	2008 £'000	2007 £'000
Authorised		
520,000 ordinary shares of 10p each	<u>52</u>	<u>52</u>
Issued and fully paid		
512,201 ordinary shares of 10p each	<u>51</u>	<u>51</u>

Capital redemption reserve

The capital redemption reserve arose from the cancellation of £5,000 of ordinary shares by the Company in 2001 and is non-distributable.

Merger reserve

The merger reserve arose from the group reconstruction in 2007, under which the Company acquired the entire issued share capital of Argyll Holdings Limited by way of a scheme of arrangement. The merger reserve is non-distributable.



22. Movement on reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Minority interest £'000
At 1 January 2008	5	468	13,974	1,437
Total recognised gains and losses	-	-	5,854	-
Minority interest	-	-	16	(16)
Dividends paid and payable	-	-	(1,793)	(215)
At 31 December 2008	<u>5</u>	<u>468</u>	<u>18,051</u>	<u>1,206</u>

Company	Profit and loss account £'000
At 1 January 2008	481
Profit for the period	8,031
Dividends paid/payable	(1,793)
At 31 December 2008	<u>6,719</u>

23. Reconciliation of movements in shareholders' funds

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Profit for the financial year	5,823	5,092	8,031	(6)
Dividends and distributions	<u>(2,008)</u>	<u>(1,152)</u>	<u>(1,793)</u>	<u>(1,152)</u>
	3,815	3,940	6,238	(1,158)
Translation adjustments	892	295	-	-
Actuarial (losses)/gains on post-retirement benefits	(1,196)	194	-	-
Tax on actuarial gains and losses	335	(107)	-	-
Minority interest movement	<u>-</u>	<u>(1,359)</u>	<u>-</u>	<u>-</u>
Movements on shareholders' funds in year	3,846	2,963	6,238	(1,158)
Opening shareholders' funds	<u>15,935</u>	<u>12,972</u>	<u>532</u>	<u>1,690</u>
Closing shareholders' funds	<u>19,781</u>	<u>15,935</u>	<u>6,770</u>	<u>532</u>



24. Minority interests

	£'000
At 1 January 2008	1,437
Loss on ordinary activities for the year	(16)
Dividends paid	(215)
At 31 December 2008	<u>1,206</u>

25. Net cash inflow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	2008 £'000	2007 £'000
Operating profit	8,698	7,715
Share of associates' operating profit	57	17
Depreciation and impairment charges	2,068	2,872
Amortisation and impairment of goodwill	1,120	850
Non-cash items	(304)	(212)
Increase in stocks	(1,672)	(2,128)
Increase in debtors	(920)	(8,617)
Increase in creditors	<u>1,365</u>	<u>7,649</u>
Net cash inflow from operating activities	<u>10,412</u>	<u>8,146</u>

26. Analysis of net debt

	At 1 January 2008 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2008 £'000
Cash in hand and at bank	12,260	(1,835)	(170)	10,255
Debt due within one year	(5,530)	5,228	(6,106)	(6,408)
Debt due after one year	(21,805)	4,342	5,312	(12,151)
Finance leases	<u>(848)</u>	<u>384</u>	<u>(670)</u>	<u>(1,134)</u>
	<u>(28,183)</u>	<u>9,954</u>	<u>(1,464)</u>	<u>(19,693)</u>
Net debt	<u>(15,923)</u>	<u>8,119</u>	<u>(1,634)</u>	<u>(9,438)</u>



27. Analysis of cash flows

	2008 £'000	2007 £'000
Returns on investment and servicing of finance		
Interest received	256	925
Interest paid	(967)	(2,315)
Interest element of finance lease rental payments	(95)	(76)
Dividends received	3	59
	<u>(803)</u>	<u>(1,407)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,598)	(2,092)
Sale of tangible fixed assets	4,025	133
	<u>2,427</u>	<u>(1,959)</u>
Acquisitions		
Purchase of subsidiary undertakings	-	(8,573)
Cash acquired with subsidiary undertakings	-	837
Investment in associates	-	(93)
	<u>-</u>	<u>(7,829)</u>
Financing		
New loans acquired	250	5,000
Short term liquidity financing	(1,437)	4,014
Loan repayments		
Long term loans– repaid	(8,383)	(2,367)
Capital element of finance lease rental payments	(384)	(248)
	<u>(9,954)</u>	<u>6,399</u>

Long term loan repayments includes £2.0 million deferred purchase consideration for acquisitions completed in 2007.

28. Pensions

The Group operates a number of pension schemes comprising of both defined contribution and defined benefit schemes. The majority of the schemes are self-administered and, in all cases, the schemes assets are held independently of the Group's finances in separate trustee administered funds. The main UK plans provide benefits that are computed based on an employee's years of service and final pensionable salary. Pension costs are assessed in accordance with the advice of independent professionally qualified actuaries.

The principal UK scheme is of the defined benefit type, based on final salary. The funds are valued at least every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In intervening years the actuary reviews the continuing appropriateness of the rates. The last finalised assessment of the principal scheme was at 30 June 2007 and updated to 31 December 2008 by a qualified independent actuary. The contribution made to the scheme in the accounting period was £569,000 (2007: £582,000). The current employer contribution rate is 8.5%. In addition, the Company has agreed to make a contribution to the scheme of £250,000 in 2009. The scheme is closed to new members and as such under the projected unit method the current service cost will increase, as the members of the scheme approach retirement.



The major assumptions used by the actuary on the Argent Group Europe Pension Scheme ("the Main Scheme") were (in nominal terms):

	2008	2007	2006
Rate of increase in salaries	3.0%	3.5%	3.1%
Rate of increase for pensions in payment	3.0%	3.5%	3.1%
Discount rate	6.1%	5.6%	5.1%
Inflation	3.0%	3.5%	3.1%

The expected long-term rates of return on the assets of the Argent Group Europe Pension Scheme were:

	2008	2007	2006
Equities	n/a	6.9%	6.7%
Bonds	n/a	4.5%	4.8%
Other	7.8%	8.7%	5.0%

The funds include derivatives and as such, it is not possible to split between equity, bonds and cash.

The fair value of the assets in the schemes and the present value of liabilities in the schemes at each balance sheet date were:

	2008 £'000	2007 £'000	2006 £'000
Market value of schemes' assets			
Equities	449	5,324	10,117
Bonds	-	855	6,123
Other	15,807	12,851	422
Total market value of assets	16,256	19,030	16,662
Present value of scheme liabilities	(19,288)	(21,443)	(19,938)
Net deficit in the schemes	(3,032)	(2,413)	(3,276)
Related deferred tax asset	849	676	983
Net pension liability	(2,183)	(1,737)	(2,293)

Analysis of the amount charged to operating profit

In accordance with FRS17, the following amounts have been recognised in the consolidated profit and loss account in respect of defined benefit schemes:

	2008 £'000	2007 £'000
Charged to operating profit		
Current service cost	310	352
Past service cost	-	-
Total operating charge	310	352
Charged to other finance income		
Expected return on scheme assets	1,456	978
Interest cost on scheme liabilities	(1,138)	(996)
Net return	318	(18)



Analysis of amount recognised in consolidated statement of total recognised gains and losses

In accordance with FRS 17, the following amounts have been recognised in the consolidated statement of total recognised gains and losses:

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(3,423)	(546)
Experience gains and losses arising on the schemes' liabilities	133	438
Changes in assumptions underlying the present value of the schemes' liabilities	2,094	302
Actuarial gains recognised in consolidated statement of total recognised gains and losses	<u>(1,196)</u>	<u>194</u>

Movement in deficit during the year

	2008 £'000	2007 £'000
Deficit in schemes at beginning of year	(2,413)	(3,276)
Surplus in scheme acquired during the year	-	457
Movement in the year:		
Current service cost	(310)	(352)
Contributions	569	582
Other finance income	318	(18)
Actuarial (loss)/gain	<u>(1,196)</u>	<u>194</u>
Deficit in schemes at end of year	<u>(3,032)</u>	<u>(2,413)</u>

History of experience gains and losses

	2008	2007	2005	2004	2003
Difference between the expected and actual return on scheme assets:					
Amount (£000)	(3,423)	(546)	976	1,822	646
% of schemes' assets	(24%)	(3%)	6%	12%	5%
Experience gains and losses on scheme liabilities:					
Amount (£000)	133	438	(458)	(75)	(216)
% of schemes' liabilities	1%	2%	(2%)	0%	(1%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£000)	(1,196)	194	222	(419)	(1,327)
% of schemes' assets	(8%)	1%	1%	(2%)	(8%)

The pension cost for defined contribution schemes, which represent contributions payable by the Group, amounted to £387,000 (2007: £363,000).



29. Future capital expenditure

	Group	
	2008	2007
	£'000	£'000
Contracts placed	<u>313</u>	<u>238</u>

30. Transactions with directors and related parties

A total of £93,500 (2007: £90,861) was charged in the Group's profit and loss account relating to monitoring fees, arrangement fees and directors fees for services provided by Cinven Limited, a number of whose funds hold shares in the company. An amount of £24,544 remained outstanding at 31 December 2008 (2007: £23,375).

The Group owns 80% of the ordinary share capital of Poupart Holdings Limited. The remaining 20% of the ordinary share capital is held by a director of subsidiary companies, namely Mr. A L Olins, who also holds redeemable preference shares in Poupart Holdings Limited. Further details of the transactions with Mr. Olins that occurred during the year and balances owed by and/or to him at the year end are disclosed in the financial statements of Poupart Holdings Limited.

Poupart Holdings Limited owns 75% of the ordinary share capital of Orchardworld Holdings Limited. The remaining 25% of the ordinary share capital is held by a director of subsidiary companies, namely Mr. M Culley. Further details of the transactions with Mr. Culley that occurred during the year and balances owed by and/or to him at the year end are disclosed in the financial statements of Orchardworld Holdings Limited.

On 10 September 2005, one of the Group's subsidiaries, Argent Holdings Limited, entered into a ten year lease to rent premises that are owned by the pension funds of Messrs D. Gray, A. Hunter and A. Barnes. The annual rental for the premises is £75,500. Rental charges of £75,500 are included in the profit and loss account for the year ended 31 December 2008 (2007: £75,500). Rental prepayments of £19,000 have been included in the balance sheet at 31 December 2008 (2007: £19,000).

On 18 February 2008, one of the Group's subsidiaries, Orchardworld Limited, entered into a fifteen year lease to rent premises that are owned by the pension funds of Messrs D. Gray, A. Hunter and M. Culley. The annual rental for the premises is £46,500. Rental charges of £44,691 are included in the profit and loss account for the year ended 31 December 2008 (2007: £nil).

One of the Group's subsidiaries, Fairfax Meadow Europe Limited, sold £165,872 (2007: £44,042) of meat on an open market basis to Walton Meats Limited. Mr. G F Wensley is a senior manager of Fairfax Meadow Europe Limited and owns part of Walton Meats Limited. An amount of £40,128 (2007: £17,741) was outstanding at the end of the year.

Argent Group Europe Limited and its subsidiaries have traded with Argent Energy PLC during the year. Both entities are under common ownership. Sales in the year for services provided amount to £168,348 (2007: £2,810,748). Purchases amounted to £nil (2007: £276,634). The amount outstanding from Argent Energy plc at 31 December 2008 is £168,348 (2007: £88,100).

Mr. L Olins and Mr. A Olins, both of whom are directors of one of the Group's subsidiaries, Poupart Limited, are also directors of British Summer Fruits Limited. Sales and purchases from British Summer Fruits Limited amounted to £17,594 (2007: £5,000) and £87,936 respectively (2007: £43,000). The amount due to British Summer Fruits Limited at 31 December 2008 is £1,438 (2007: £nil).

A close relative of Mr. A Hunter benefits from a holding of 100,000 ordinary shares of the Company, which are held through a trust. Mr. Hunter derives no benefit from, nor exercises any control over the trust.



31. Assets pledged, commitments and contingencies

A claim has been lodged by a supplier against the Group in respect of a major contract. The claim calls for rectification and compensation for alleged damage to the supplier's business in the amount of £1.5 million. The Group has taken legal advice to the effect that the action is unlikely to succeed and accordingly no provision has been made in the financial statements.

The Group is also, from time to time, party to other legal proceedings and claims, which arise in the ordinary course of business and are not considered material in the context of these financial statements.

The company and some of its subsidiaries are participants 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 2008 was £9.5 million (2007: £15.3 million). The Group has given certain banking guarantees in its normal course of business, amounting to £480,000 (2007: £851,000).

The company and its subsidiaries have given certain unsecured guarantees to third parties in the normal course of business. At 31 December 2008, guarantees outstanding amounted to £nil (2007: £1,200,000).

32. Significant events since the year end

On 20 March 2009, the Group sold the assets and rendering business at Peninsular Proteins to a third party for consideration of £1.1 million. The net book value of the assets divested amounted to £910,000.