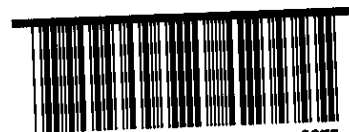


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Belcher Food Products Limited

**Directors' report and accounts
for the year ended 28 February 2003**



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Belcher Food Products Limited

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Belcher Food Products Limited

Company information

Director	E Belcher
Secretary	E Belcher
Registered office	Glenburn Road Prestwick Ayrshire KA9 2NS
Auditors	Henderson Loggie Chartered Accountants Royal Exchange Dundee DD1 1DZ
Bankers	Clydesdale Bank PLC Main Street Prestwick KA9 1AD
Registered number	SC076842

Belcher Food Products Limited

Directors' report

The director presents the annual report and accounts for the year ended 28 February 2003.

Principal activity

The principal activity of the company is the manufacture of frozen and cooked meat products.

Results for the year

The results for the year are set out in the profit and loss account on page 7. The director considers the company's results for the year, and prospects for the future, to be satisfactory.

The director does not recommend the payment of a dividend.

Fixed assets

In the opinion of the director, the market value of the land and buildings is not less than the book value stated in the accounts.

Directors and directors' interests

The director of the company at the date of this report is shown on page 1.

Mr P Mellon was appointed as a director on 3 March 2003. He resigned on 29 August 2003. Mr G Moir resigned as a director on 2 May 2003. Mr J Devenney resigned as a director on 11 September 2003 and Mr L Smith resigned as a director on 30 September 2003.

The directors' shareholdings in the ordinary shares of £1 each were:

	28 February 2003	1 March 2002
E Belcher	29,998	29,998
L Smith	-	-
G Moir	-	-
J Devenney	-	-
P Mellon	-	-
	=====	=====

E Belcher is a trustee of the E Belcher IV Trust which holds 10,000 shares of £1 each (2002 - 10,000) and the E Belcher II Trust which holds 10,000 shares of £1 each (2002 - 10,000).

Political and charitable contributions

During the year the company contributed £12,889 (2002 - £33,683) to local charities and £250 (2002 - £250) to the Conservative Party.

Belcher Food Products Limited

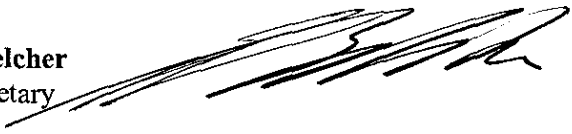
Directors' report (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Henderson Loggie as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

E Belcher
Secretary

A handwritten signature in black ink, appearing to be 'E Belcher', written over a horizontal line.

1 October 2003

Belcher Food Products Limited

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Belcher Food Products Limited

Independent auditors' report to the shareholders of Belcher Food Products Limited

We have audited the accounts of Belcher Food Products Limited for the year ended 28 February 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These accounts 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Belcher Food Products Limited

Independent auditors' report to the shareholders of Belcher Food Products Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 28 February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

1 October 2003

Belcher Food Products Limited

Profit and loss account for the year ended 28 February 2003

	Note	2003 £	2002 £
Turnover		23,156,276	21,218,456
Cost of sales		(15,673,824)	(13,749,940)
Gross profit		7,482,452	7,468,516
Operating expenses		(4,974,242)	(6,430,741)
Operating profit	2 – 4	2,508,210	1,037,775
Interest receivable	5	224,631	167,699
Interest payable	6	2,732,841 (79,923)	1,205,474 (54,148)
Profit on ordinary activities before taxation		2,652,918	1,151,326
Tax on profit on ordinary activities	7	(781,407)	(334,118)
Profit for the financial year		1,871,511	817,208

A statement of movements on reserves is given in note 14.

There are no recognised gains or losses other than the profit for the financial year of £1,871,511 (2002 - £817,208). Such profits represent the only movement in shareholders' funds.

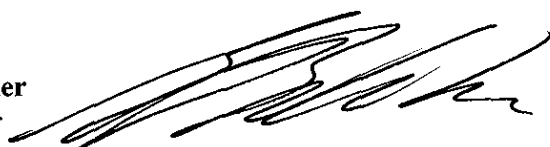
Belcher Food Products Limited

Balance sheet at 28 February 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	8		12,999,413		13,473,555
Current assets					
Stocks	9	1,446,787		1,742,232	
Debtors	10	2,718,517		2,601,032	
Cash at bank and in hand		7,276,687		4,469,368	
			<u>11,441,991</u>	<u>8,812,632</u>	
Creditors					
Amounts falling due within one year	11	6,172,552		5,951,496	
			<u>5,269,439</u>		<u>2,861,136</u>
Net current assets					
			<u>18,268,852</u>		<u>16,334,691</u>
Total assets less current liabilities					
Provisions for liabilities and charges	12		(1,059,650)		(997,000)
Net assets			<u>17,209,202</u>		<u>15,337,691</u>
Capital and reserves					
Called up share capital	13		50,000		50,000
Profit and loss account	14		17,159,202		15,287,691
Shareholders' funds			<u>17,209,202</u>		<u>15,337,691</u>

These accounts were approved by the directors on 1 October 2003 and were signed on its behalf by:

E Belcher
Director



Belcher Food Products Limited

Cash flow statement for the year ended 28 February 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	15	4,558,656	3,861,587
Returns on investments and servicing of finance			
Interest received	229,831	166,699	
Interest paid	(54,752)	(703)	
		<u>175,079</u>	<u>165,996</u>
Taxation paid		(901,597)	(184,758)
Capital expenditure			
Payments to acquire tangible fixed assets	(1,054,819)	(1,868,349)	
Sale of tangible fixed assets	30,000	-	
		<u>(1,024,819)</u>	<u>(1,868,349)</u>
Increase in cash	16	<u>2,807,319</u>	<u>1,974,476</u>

Belcher Food Products Limited

Notes to the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of preparation

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Fixed assets and depreciation

The cost of tangible assets is depreciated from the month of acquisition to estimated residual value on the straight line method over the following estimated useful lives:

Freehold buildings	-	20 years
Plant and equipment	-	3 to 15 years

Leases

Rentals payable under operating leases are charged to the profit and loss account in the period in which they become payable.

Stocks

Stocks are valued at the lower of cost, including appropriate labour and manufacturing overhead costs, and net realisable value.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made in full for deferred tax.

Turnover

Turnover represents amounts invoiced in respect of goods provided during the year excluding value added tax.

Pension costs

Pension contributions are made to an external, insured fund and are charged to the profit and loss account in the year in which payment is due.

Belcher Food Products Limited

Notes to the accounts (continued)

2 Operating profit

	2003 £	2002 £
Operating profit is stated after charging/(crediting):		
Depreciation	1,917,790	1,715,417
Auditors' remuneration - audit	6,500	6,000
- other services	7,400	6,265
Operating rentals for plant and machinery	10,849	10,453
(Gain)/loss on sale of assets	(19,284)	896
	<u>=====</u>	<u>=====</u>

3 Staff numbers and costs

The average number of persons employed by the company (including the directors) during the year, analysed by category, was as follows:

	Number	Number
Office and management	14	14
Manufacturing	136	146
	<u>-----</u>	<u>-----</u>
	150	160
	<u>=====</u>	<u>=====</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	3,131,568	4,562,794
Social security costs	282,950	462,327
Other pension costs	63,000	63,800
	<u>-----</u>	<u>-----</u>
	3,477,518	5,088,921
	<u>=====</u>	<u>=====</u>

Belcher Food Products Limited

Notes to the accounts (continued)

4	Remuneration of directors	2003	2002
		£	£
	Emoluments	1,311,274	2,941,574
	Company contributions to money purchase pension schemes	63,000	63,800
		1,374,274	3,005,374

The aggregate of emoluments of the highest paid director amounted to £1,103,325 (2002 - £2,751,937) and company pension contributions of £63,000 (2002 - £63,800) were made to a money purchase scheme on his behalf. This pension contribution remained unpaid at the year end and is included in accruals (2002 - £35,000).

Retirement benefits are accruing to one director (2002 - one) under a money purchase pension scheme.

5	Interest receivable	2003	2002
		£	£
	Income from short-term deposits	224,631	166,698
	Other interest	-	1,001
		224,631	167,699

6	Interest payable		
	Bank interest	-	703
	On directors' loan account balance	78,616	53,445
	Other interest	1,307	-
		79,923	54,148

Belcher Food Products Limited

Notes to the accounts (continued)

7 Taxation

	2003 £	2002 £
UK corporation tax - current year	776,000	206,000
UK corporation tax - prior year	(57,243)	4,118
	<u>718,757</u>	<u>210,118</u>
Deferred tax - current year	19,650	172,000
Deferred tax - prior year	43,000	(48,000)
	<u>781,407</u>	<u>334,118</u>
Factors affecting the tax charge:		
Profit for the year before tax	<u>2,652,918</u>	<u>1,151,326</u>
Tax thereon @ 30%	795,875	345,398
Expenses not deductible for tax	16,538	24,776
Capital allowances in excess of depreciation	(38,110)	(171,756)
Adjustments in respect of prior periods	(57,243)	4,118
Margin	1,697	7,582
	<u>718,757</u>	<u>210,118</u>

Belcher Food Products Limited

Notes to the accounts (continued)

8 Tangible assets

	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
At 28 February 2002	8,652,669	16,545,951	25,198,620
Additions	273,857	1,180,507	1,454,364
Disposals	-	(199,185)	(199,185)
At 28 February 2003	8,926,526	17,527,273	26,453,799
Depreciation			
At 28 February 2002	2,460,161	9,264,904	11,725,065
Charge for year	442,817	1,474,973	1,917,790
On disposals	-	(188,469)	(188,469)
At 28 February 2003	2,902,978	10,551,408	13,454,386
Net book value			
At 28 February 2003	6,023,548	6,975,865	12,999,413
At 28 February 2002	6,192,508	7,281,047	13,473,555

9 Stocks

	2003 £	2002 £
Raw materials	556,837	866,711
Finished goods	889,950	875,521
	1,446,787	1,742,232

Belcher Food Products Limited

Notes to the accounts (continued)

10	Debtors	2003	2002
		£	£
	Trade debtors	2,241,997	2,027,427
	Other debtors	277,355	407,663
	Prepayments and accrued income	199,165	165,942
		2,718,517	2,601,032

11	Creditors		
	Amounts falling due within one year:		
	Trade creditors	1,840,964	1,678,731
	Corporation tax	23,160	206,000
	Other taxes and social security	518,000	1,382,334
	Accruals	1,233,932	1,752,322
	Director's loan account	2,556,496	932,109
		6,172,552	5,951,496

12 Provisions for liabilities and charges

Deferred taxation

	Accelerated capital allowances	Pension	Total
	£	£	£
At 28 February 2002	997,000	-	997,000
Transfer to profit and loss account	81,550	(18,900)	62,650
At 28 February 2003	1,078,550	(18,900)	1,059,650

Belcher Food Products Limited

Notes to the accounts (continued)

13 Called up share capital

	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

14 Profit and loss account

	£
At 28 February 2002	15,287,691
Retained profit for year	<u>1,871,511</u>
At 28 February 2003	<u>17,159,202</u>

The distributable profits of the company are £17,159,202 (2002 - £15,287,691).

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

	2003 £	2002 £
Operating profit	2,508,210	1,037,775
Depreciation	1,917,790	1,715,417
(Gain)/loss on sale of asset	(19,284)	896
Decrease/(increase) in stocks	295,445	(622,255)
(Increase)/decrease in debtors	(122,685)	562,019
(Decrease)/increase in creditors	(20,820)	1,167,735
Net cash inflow from operating activities	<u>4,558,656</u>	<u>3,861,587</u>

Belcher Food Products Limited

Notes to the accounts (continued)

16 Analysis of changes in net funds

	At 1 March 2002 £	Cash flows £	At 28 February 2003 £
Cash in hand, at bank	4,469,368	2,807,319	7,276,687

17 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
Increase in cash in the period	2,807,319	1,974,476
Net funds at 1 March 2002	4,469,368	2,494,892
Net funds at 28 February 2003	7,276,687	4,469,368

18 Capital commitments

Capital expenditure

Contracted for but not provided	500,000	-
---------------------------------	---------	---

19 Commitments under operating leases

The company has commitments for payments in the next year under operating leases as follows:

	2003 £	2002 £
Plant and equipment		
Operating leases which expire:		
Within two to five years	5,733	10,071