



PERIMAX (SCOTLAND) LIMITED

Report and Financial Statements

Year ended 31 December 1997

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP



**REPORT AND FINANCIAL STATEMENTS 1997****CONTENTS**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Hood
F Ley
R Gouin
J Y Quere

SECRETARY

O E Howard

REGISTERED OFFICE

Sir William Smith Road
Kirkton Industrial Estate
Arbroath
Angus
DD11 3RD

BANKERS

Bank of Scotland plc
Brothock Bridge
Arbroath
Angus
DD11 1NH

SOLICITORS

Thorntons WS
Brothockbank House
Arbroath
Angus
DD11 1NJ

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

ACTIVITIES

The principal activity of the company continues to be that of meat processing, trading and technical services.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company achieved a profit before taxation of £582,951 (1996: £441,568). Further details of the company's performance are set out in the profit and loss account on page 5, and the position of the company at the end of the year is shown in the balance sheet on page 6.

The directors are optimistic that the company will continue to trade profitably in the coming year.

DIVIDENDS

The directors recommend payment of a final dividend of £250,000 (1996: £nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All directors served throughout the year.

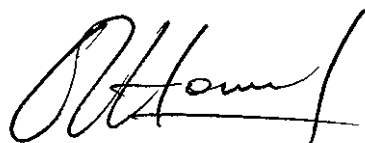
The directors' have no beneficial interests in the ordinary shares of the company. The directors' interests in the parent company are disclosed in that company's accounts.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of directors
and signed on behalf of the Board

28 September 1998



O E Howard
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



PERIMAX (SCOTLAND) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

28 September 1998

**Deloitte Touche
Tohmatsu**

Aberdeen, Bath, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business


PROFIT AND LOSS ACCOUNT

Year ended 31 December 1997

	Notes	1997 £	1996 £
TURNOVER - continuing operations		3,650,024	3,262,046
Cost of sales		(2,496,498)	(2,290,307)
GROSS PROFIT		<u>1,153,526</u>	<u>971,739</u>
Distribution costs		150,573	130,285
Administrative expenses		420,002	399,886
		<u>(570,575)</u>	<u>(530,171)</u>
OPERATING PROFIT - continuing operations		<u>582,951</u>	<u>441,568</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	582,951	441,568
Tax on profit on ordinary activities	4	(185,561)	(150,923)
PROFIT FOR THE FINANCIAL YEAR		<u>397,390</u>	<u>290,645</u>
Dividends	5	(250,000)	-
Retained profit for the financial year	13	<u>147,390</u>	<u>290,645</u>

The company has no recognised gains or losses other than the profit for the current financial year and preceding financial year. Accordingly no statement of total recognised gains and losses has been prepared.


BALANCE SHEET
 Year ended 31 December 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	6		425,785		510,572
CURRENT ASSETS					
Stocks	7	94,192		110,356	
Debtors	8	1,843,449		1,309,079	
Cash at bank and in hand		5,865		2,412	
		<u>1,943,506</u>		<u>1,421,847</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Trade creditors		317,111		378,800	
Other creditors including taxation and social security	9	305,271		215,056	
Accruals and deferred income	10	67,615		47,527	
Proposed dividend		250,000		-	
		<u>(939,997)</u>		<u>(641,383)</u>	
NET CURRENT ASSETS			<u>1,003,509</u>		<u>780,464</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,429,294		1,291,036
PROVISIONS FOR LIABILITIES AND CHARGES	11		<u>(24,688)</u>		<u>(33,820)</u>
			<u>1,404,606</u>		<u>1,257,216</u>
CAPITAL AND RESERVES					
Called up share capital	12		100,000		100,000
Profit and loss account	13		1,304,606		1,157,216
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>1,404,606</u>		<u>1,257,216</u>

These financial statements were approved by the Board of Directors on 28 September 1998.

Signed on behalf of the Board of Directors

J C Hood, Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

These financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties.

Tangible fixed assets

Depreciation is not provided on freehold land. On other assets depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets which are as follows:

Freehold buildings	15 years
Plant and machinery	5 to 15 years
Equipment, fixtures and fittings	3 to 10 years
Motor vehicles	4 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Turnover

Turnover represents amounts invoiced (excluding VAT) to customers of the company in Europe in respect of the principal activity of the company.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Grants received

Grants received relating to tangible fixed assets are treated as a deferred credit and are released to the profit and loss account in equal instalments over the estimated useful economic life of the assets concerned.


NOTES TO THE ACCOUNTS

Year ended 31 December 1997

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES
Directors

The directors are directors of the parent company, Perimax Meat Company Limited. The directors received total remuneration of £93,754 (1996: £89,392) from Perimax Meat Company Limited during the year but it is not practicable to allocate this between their services as directors of Perimax Meat Company and their services as directors of Perimax (Scotland) Limited.

Employee costs during the year:	1997 £	1996 £
Wages and salaries	420,489	412,679
Social security costs	41,553	34,434
Other pension costs	1,142	1,041
	<u>463,184</u>	<u>448,154</u>
Average number of persons employed:	1997 No.	1996 No.
Production	33	33
Administration	4	7
Laboratory	3	3
	<u>40</u>	<u>43</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/crediting:	1997 £	1996 £
Depreciation and other amounts written off tangible fixed assets	100,811	134,864
Release of Government grant	(1,756)	(1,756)
Research and development	3,353	2,253
Auditors' remuneration	3,100	3,000
	<u>105,508</u>	<u>138,301</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
United Kingdom corporation tax at 31.5% (1996: 33%) based on the profit for the year	170,000	160,000
Group relief	25,000	-
Deferred taxation	(7,595)	(9,235)
Adjustment in respect of prior years	(1,844)	158
	<u>185,561</u>	<u>150,923</u>

5. DIVIDENDS

	1997 £	1996 £
Final proposed - £2.50 per ordinary share (1996: £nil)	250,000	-


NOTES TO THE ACCOUNTS
Year ended 31 December 1997
6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 1997	413,156	1,078,075	37,745	13,873	1,542,849
Additions	-	9,820	3,231	2,973	16,024
Disposals	-	-	-	(950)	(950)
At 31 December 1997	413,156	1,087,895	40,976	15,896	1,557,923
At valuation	275,000	-	-	-	275,000
At cost	138,156	1,087,895	40,976	15,896	1,282,923
	413,156	1,087,895	40,976	15,896	1,557,923
Accumulated depreciation					
At 1 January 1997	202,442	794,429	30,984	4,422	1,032,277
Charge for the year	14,901	83,990	1,383	537	100,811
Disposals	-	-	-	(950)	(950)
At 31 December 1997	217,343	878,419	32,367	4,009	1,132,138
Net book value					
At 31 December 1997	195,813	209,476	8,609	11,887	425,785
At 31 December 1996	210,714	283,646	6,761	9,451	510,572
Comparable amounts determined according to the historical cost convention					
Cost	623,150	1,087,895	40,976	15,896	1,767,917
Accumulated depreciation	442,494	878,419	32,367	4,009	1,357,289
Net book value					
At 31 December 1997	180,656	209,476	8,609	11,887	410,628
At 31 December 1996	197,832	283,646	6,761	9,451	497,690

Freehold land and buildings were valued on 31 December 1988 at open market value on the basis of existing use at £275,000.

All other tangible fixed assets are stated at historical cost.


NOTES TO THE ACCOUNTS
Year ended 31 December 1997

7. STOCKS	1997	1996
	£	£
Raw materials	38,349	22,357
Finished goods	55,843	87,999
	<u>94,192</u>	<u>110,356</u>

There is no material difference between the replacement costs of stocks and their balance sheet value.

8. DEBTORS	1997	1996
	£	£
Amounts due from parent company	1,619,249	1,231,792
Other debtors	190,151	44,444
Prepayments and accrued income	34,049	32,843
	<u>1,843,449</u>	<u>1,309,079</u>

All debtors fall due within one year.

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY	1997	1996
	£	£
Corporation tax	193,431	160,316
Advance corporation tax payable	98,456	43,393
Other taxation and social security	13,384	11,347
	<u>305,271</u>	<u>215,056</u>

10. ACCRUALS AND DEFERRED INCOME

This heading includes Government grants:	£
At 1 January 1997	10,997
Released to profit and loss account	(1,756)
At 31 December 1997	<u>9,241</u>


NOTES TO THE ACCOUNTS

Year ended 31 December 1997

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	£
Balance at 1 January 1997	33,820
Current year credit to profit and loss account	(7,595)
Adjustment in respect of prior years	(1,537)
Balance at 31 December 1997	24,688

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided		Unprovided	
	1997	1996	1997	1996
	£	£	£	£
Capital allowances in excess of depreciation	24,688	33,820	-	-

12. SHARE CAPITAL

	1997	1996
	£	£
Authorised, allotted and fully paid 100,000 ordinary shares of £1	100,000	100,000

13. RESERVES

Profit and loss account	£
At 1 January 1997	1,157,216
Retained profit for the year	147,390
At 31 December 1997	1,304,606

There have been no movements in shareholders' funds other than the retained profit for the year, and accordingly no reconciliation of movements in shareholders' funds is included in these accounts.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 from the requirement to disclose related party transactions within the Group.

15. CASHFLOW STATEMENT

As a wholly owned subsidiary of Compagnie Financiere de Paribas, Perimax (Scotland) Limited has taken advantage of the exemption from the requirement to produce a cashflow statement. A consolidated cashflow statement is included in the group accounts.

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1997**16. ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST**

The immediate parent company is Perimax Meat Company Limited which is registered in England and Wales. A copy of its accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate parent company is Compagnie Financiere de Paribas, 3 rue d'Antin, BP 141, 75002 Paris, a company incorporated in France. Copies of group accounts are available from this address.