

**EURILAIT LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2002**

Company Registration No. 02667268 (England and Wales)



# EURILAIT LIMITED

## COMPANY INFORMATION

---

**Directors**

P Bissey  
M Bouessel Du Bourg  
H Newmarch (Appointed 20 March 2003)

**Secretary**

E D Humieres

**Company number**

02667268

**Registered office**

Leighton Lane Industrial Estate  
Evercreech  
Shepton Mallet  
Somerset  
BA4 6LQ

**Auditors**

Houghton Stone  
The Conifers  
Filton Road  
Hambrook  
Bristol  
BS16 1QG

**Bankers**

Lloyds Bank plc  
64 Fore Street  
Trowbridge  
Wiltshire

---

# EURILAIT LIMITED

## CONTENTS

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 14

---

# EURILAIT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

---

The directors present their report and financial statements for the year ended 31 December 2002.

### Principal activities and review of the business

The principal activity of the company continued to be that of importers and distributors of continental cheeses.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 4.

### Directors

The following directors have held office since 1 January 2002:

P Bissey	
J M Spencer	(Resigned 20 March 2003)
M Bouessel Du Bourg	
H Newmarch	(Appointed 20 March 2003)

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2002	1 January 2002
P Bissey	1	1
J M Spencer	-	-
M Bouessel Du Bourg	-	-

### Charitable contributions

The recipients and amounts of the charitable donations are as follows: National Police Community Trust £240.

### Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Houghton Stone, will be deemed to be reappointed for each succeeding financial year.

# EURILAIT LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

---

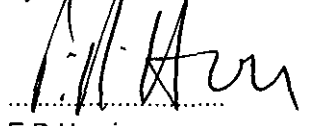
### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the 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;
- 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.

By order of the board



.....  
E D Humieres

**Secretary**

6/1/03  
.....

# EURILAIT LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF EURILAIT LIMITED

We have audited the financial statements of Eurilait Limited on pages 4 to 14 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### Basis of opinion

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

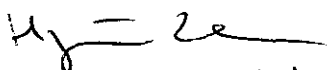
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Houghton Stone

Registered Auditors

  
10/11/03

The Conifers  
Filton Road  
Hambrook  
Bristol  
BS16 1QG

# EURILAIT LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	19,803,444	16,162,788
Cost of sales		(17,839,677)	(14,502,735)
<b>Gross profit</b>		<u>1,963,767</u>	<u>1,660,053</u>
Administrative expenses		(1,913,403)	(1,490,340)
Other operating income		9,284	12,669
<b>Operating profit</b>	3	<u>59,648</u>	<u>182,382</u>
Interest payable and similar charges	4	(78,405)	(15,080)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(18,757)</u>	<u>167,302</u>
Tax on (loss)/profit on ordinary activities	5	1,287	(25,930)
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(17,470)</u>	<u>141,372</u>
Dividends	6	-	(115,000)
<b>Retained (loss)/profit for the year</b>	14	<u>(17,470)</u>	<u>26,372</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

# EURILAIT LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		261,167		213,655
<b>Current assets</b>					
Stocks	8	631,626		314,819	
Debtors	9	5,100,130		4,452,430	
Cash at bank and in hand		213		307,899	
		5,731,969		5,075,148	
<b>Creditors: amounts falling due within one year</b>	10	(5,967,157)		(5,245,010)	
<b>Net current liabilities</b>			(235,188)		(169,862)
<b>Total assets less current liabilities</b>			25,979		43,793
<b>Provisions for liabilities and charges</b>	11		-		(344)
			25,979		43,449
<b>Capital and reserves</b>					
Called up share capital	13		5,000		5,000
Profit and loss account	14		20,979		38,449
<b>Shareholders' funds - equity interests</b>	15		25,979		43,449

The financial statements were approved by the Board on 6th November 2003

P Bissey  
Director



# EURILAIT LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>		(429,709)		849,014
<b>Returns on investments and servicing of finance</b>				
Interest paid	(78,405)		(15,080)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(78,405)		(15,080)
<b>Taxation</b>		(38,120)		(44,539)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(146,611)		(178,268)	
Receipts from sales of tangible assets	4,200		-	
<b>Net cash outflow for capital expenditure</b>		(142,411)		(178,268)
<b>Equity dividends paid</b>		(115,000)		(224,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(803,645)		387,127
<b>(Decrease)/increase in cash in the year</b>		(803,645)		387,127

# EURILAIT LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2002	2001
		£	£
	Operating profit	59,648	182,382
	Depreciation of tangible assets	96,568	91,478
	Profit on disposal of tangible assets	(1,669)	-
	(Increase)/decrease in stocks	(316,807)	48,819
	Increase in debtors	(634,223)	(667,725)
	Increase in creditors within one year	366,774	1,194,060
	<b>Net cash (outflow)/inflow from operating activities</b>	<b>(429,709)</b>	<b>849,014</b>

2	Analysis of net (debt)/funds	1 January 2002	Cash flow	Other non-cash changes	31 December 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	307,899	(307,686)	-	213
	Bank overdrafts	(267,267)	(495,959)	-	(763,226)
		<u>40,632</u>	<u>(803,645)</u>	<u>-</u>	<u>(763,013)</u>
	Net funds/(debt)	<u>40,632</u>	<u>(803,645)</u>	<u>-</u>	<u>(763,013)</u>

3	Reconciliation of net cash flow to movement in net (debt)/funds	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(803,645)	387,127
	<b>Movement in net (debt)/funds in the year</b>	<b>(803,645)</b>	<b>387,127</b>
	Opening net funds/(debt)	40,632	(346,495)
	<b>Closing net (debt)/funds</b>	<b>(763,013)</b>	<b>40,632</b>

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

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

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

#### 1.4 Leasing

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

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

#### 1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard does not require a prior period adjustment to be made since the deferred tax provision has historically been recognised in full.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

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

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

<b>3 Operating profit</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	96,568	91,478
(Profit)/loss on foreign currency	(1,041)	1,591
Operating lease rentals	132,122	66,891
Auditors' remuneration	8,000	6,000
	<u>          </u>	<u>          </u>
and after crediting:		
Interest receivable	9,284	12,669
	<u>          </u>	<u>          </u>
<b>4 Interest payable</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
On amounts payable to parent company	78,405	15,080
	<u>          </u>	<u>          </u>
<b>5 Taxation</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	-	25,586
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	-	25,586
<b>Deferred tax</b>		
Deferred tax charge/credit current year	(1,287)	344
	<u>          </u>	<u>          </u>
	(1,287)	25,930
	<u>          </u>	<u>          </u>
<b>Factors affecting the tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(18,757)	167,302
	<u>          </u>	<u>          </u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001 : 23.78%)	-	39,784
	<u>          </u>	<u>          </u>
Effects of:		
Non deductible expenses	-	1,645
Depreciation add back	-	21,755
Capital allowances	-	(18,637)
Other tax adjustments	-	(18,961)
	<u>          </u>	<u>          </u>
	-	(14,198)
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	-	25,586
	<u>          </u>	<u>          </u>

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 6 Dividends

	2002 £	2001 £
Ordinary final proposed	-	115,000

### 7 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2002	268,097	55,030	43,940	367,067
Additions	59,390	50,881	36,340	146,611
Disposals	-	-	(29,940)	(29,940)
At 31 December 2002	327,487	105,911	50,340	483,738
<b>Depreciation</b>				
At 1 January 2002	98,472	26,479	28,461	153,412
On disposals	-	-	(27,409)	(27,409)
Charge for the year	71,662	11,209	13,697	96,568
At 31 December 2002	170,134	37,688	14,749	222,571
<b>Net book value</b>				
At 31 December 2002	157,353	68,223	35,591	261,167
At 31 December 2001	169,625	28,551	15,479	213,655

### 8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	631,626	314,819

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

9 Debtors	2002 £	2001 £
Trade debtors	4,846,833	2,733,541
Corporation tax	12,534	-
Other debtors	178,132	30,682
Prepayments and accrued income	61,688	1,688,207
Deferred tax asset (see note 11)	943	-
	<u>5,100,130</u>	<u>4,452,430</u>

Included in other debtors is an amount of £48,036 (2001: Nil) in respect of a repayment of management fees from Western Pheonix Limited

J Spencer is a Director of Western Pheonix Limited.

10 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	763,226	267,267
Trade creditors	1,439,979	1,202,952
Amounts owed to parent and fellow subsidiary undertakings	1,888,631	2,018,283
Amounts owed to participating interests	1,454,835	1,270,605
Corporation tax	-	25,586
Other taxes and social security costs	23,306	11,580
Accruals and deferred income	397,180	333,737
Proposed dividend	-	115,000
	<u>5,967,157</u>	<u>5,245,010</u>

Included within amounts owed to parent company is an amount of £1,888,632 (2001: £2,018,283) which is owed to Laita S.A, the company's ultimate controlling party.

Included within amounts owed to associated company is an amount of £1,454,835 (2001: £1,270,605), owed to Eurial Poitouaine.

Western Phoenix Limited, of which J Spencer is a director, was owed the following: included within trade creditors is an amount of £309,158 (2001: £240,025) and accruals includes £80,906 (2001: £134,746).

The bank overdraft is secured by a debenture dated 2 September 2002.

The debenture details a fixed and floating charge over the assets and book debts of the company.

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 11 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 9) is made up as follows:

	2002 £
Balance at 1 January 2002	344
Profit and loss account	(1,287)
	<hr/>
Balance at 31 December 2002	(943)
	<hr/>

	2002 £	2001 £
Accelerated capital allowances	(943)	344
	<hr/>	<hr/>

### 12 Pension costs

#### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2002 £	2001 £
Contributions payable by the company for the year	16,039	9,490
	<hr/>	<hr/>

### 13 Share capital

	2002 £	2001 £
<b>Authorised</b>		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	<hr/>	<hr/>

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2002	38,449
Retained loss for the year	(17,470)
	<hr/>
Balance at 31 December 2002	20,979
	<hr/>

### 15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
(Loss)/Profit for the financial year	(17,470)	141,372
Dividends	-	(115,000)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(17,470)	26,372
Opening shareholders' funds	43,449	17,077
	<hr/>	<hr/>
Closing shareholders' funds	25,979	43,449
	<hr/>	<hr/>

### 16 Contingent liabilities

The company's most significant customer is in the process of reviewing prices charged by Eurilait Limited between 1997 and 2001. At the date of signing of the financial statements, the customer had not quantified their claim against the company, however, the directors have calculated that the customer may make a claim of up to £42,000. Eurilait Limited does not accept any liability.

Included in debtors is an amount of £30,000 due from the same customer. No provision has been made against this debt as the directors believe it to be entirely recoverable.

### 17 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date:		
In over five years	167,062	80,000
	<hr/>	<hr/>

### 18 Transactions with directors

During the year the company employed the services of Western Phoenix Limited on normal commercial terms. J M Spencer is a director of Western Phoenix Limited and all director's remuneration is paid through Western Phoenix Limited.



# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 19 Employees

#### Number of employees

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

	2002 Number	2001 Number
Administration	4	5
Sales and marketing	4	4
Stock handling	27	8
	<u>35</u>	<u>17</u>

#### Employment costs

	£	£
Wages and salaries	711,339	510,670
Other pension costs	16,039	9,490
	<u>727,378</u>	<u>520,160</u>

### 20 Control

The company's ultimate controlling party at the balance sheet date was Laita S.A, a company incorporated in France.

### 21 Related party transactions

During the year the following expenditure was generated through transactions with the following related parties: Laita SA £5,350,164 (2001: £4,145,312); Eurial Poitouaine £4,984,827 (2001: £2,652,941); Western Phoenix Limited £1,478,476 (2001: £1,242,308). Sales during the year to Laita SA amounted to £0 (2001: £37,178) and to Eurial Poitouaine £21,214 (2001: £26,515). During the year Eurilait Limited repaid to Laita SA, a loan of £600,000 and to Eurial Poitouaine, a loan of £149,992.

J Spencer is a Director of Western Phoenix Limited.

Laita SA is the parent undertaking.

Eurial Poitouaine is an associated company.