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Registered no: NI 4069



Associated Egg Packers (Holdings) Limited
Annual report
for the year ended 30 April 2000



Associated Egg Packers (Holdings) Limited

Annual report for the year ended 30 April 2000

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Members will be held at the registered offices of Associated Egg Packers (Holdings) Limited, 221 Hillhall Road, Lisburn on for the following purposes.

1. To receive the Directors' Report, Statement of Accounts and Auditors' Report for the year ended 30 April 2000;
2. To re-elect Directors;
3. To elect DT Carson & Co as Auditors and authorise the Directors to fix their remuneration;
4. To transact any other business of an Ordinary General Meeting.

By Order of the Board

MV Donaghue
Secretary

221 Hillhall Road
LISBURN
Co Antrim
BT27 5JD

Directors and advisers

Directors

WP O'Kane Jnr (Chairman)
WJA Lattimore
MV Donaghue

Secretary

MV Donaghue

Registered office

221 Hillhall Road
Lisburn
Co Antrim
BT27 5JD

Solicitors

Comerton and Hill
Murray House
4 Murray Street
Belfast
BT1 6MS

Bankers

Ulster Bank Limited
Waring Street
Belfast
BT1 2ER

Registered auditors

PricewaterhouseCoopers
Fanum House
108 Great Victoria Street
Belfast
BT2 7AX

Directors' report for the year ended 30 April 2000

The directors present their report and the audited financial statements for the year ended 30 April 2000.

Principal activities

The principal activities of the group are food distribution and cold storage, egg processing and pullet hatching and rearing.

Review of business and future developments

The directors consider the results for the year to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover.

Results and dividends

The group's profit for the financial year ended 30 April 2000 after taxation amounted to £282,091 (1999 – Loss of £97,368).

Political and charitable donations

The company made charitable donations amounting to £165 during the year (1999 - £391). No donations for political purposes were made during the year.

Directors and their interests

The directors who served during the year are shown on page 2. None of the directors has any interest in the shares of the company.

Under Article 18 of the Company's Articles of Association, all the directors retire, and, being eligible, offer themselves for re-election.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs 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;
- 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 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 (Northern Ireland) Order 1986. 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.

Associated Egg Packers (Holdings) Limited

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Auditors

The auditors, PricewaterhouseCoopers, are not seeking re-election, and a resolution concerning the appointment of DT Carson & Co will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'MV Donaghue', followed by a long, sweeping horizontal stroke that extends to the right.

MV Donaghue
Secretary

Auditors' report to the members of Associated Egg Packers (Holdings) Limited

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 (Northern Ireland) Order 1986. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

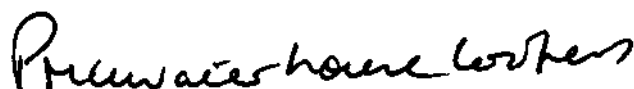
Basis of audit opinion

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 financial 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 affairs of the group and the company at 30 April 2000 and of its profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Belfast
Date

16 February 2001

Consolidated profit and loss account for the year ended 30 April 2000

	Notes	2000 £	1999 £
Turnover	2	21,145,376	22,688,294
Cost of sales		(17,659,487)	(19,746,360)
Gross profit		3,485,889	2,941,934
Distribution costs		(1,719,807)	(1,498,424)
Administrative expenses		(1,414,184)	(1,447,783)
Other operating income		12,333	10,203
Operating profit		364,231	5,930
Goodwill written off		(137,099)	(137,103)
Income from other fixed asset investments		18,703	18,475
Other interest receivable and similar income		35,916	61,694
Interest payable and similar charges		(3,294)	(5,546)
Profit/(loss) on ordinary activities before taxation	3	278,457	(56,550)
Tax on profit/(loss) on ordinary activities	6	3,634	(40,818)
Retained profit/(loss) for the financial year	20	282,091	(97,368)

All amounts above relate to continuing operations of the company.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Associated Egg Packers (Holdings) Limited

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Consolidated balance sheet as at 30 April 2000

	Notes	2000 £	1999 £
Fixed assets			
Intangible assets	7	567,716	704,815
Tangible assets	8	1,790,192	1,655,214
Investments	10	100	100
		2,358,008	2,360,129
Current assets			
Stocks	11	1,128,627	902,606
Debtors	12	3,461,280	3,450,554
Cash at bank and in hand		2,291,836	2,036,756
		6,881,743	6,389,916
Creditors: amounts falling due within one year	13	(4,161,813)	(4,078,322)
Net current assets		2,719,930	2,311,594
Total assets less current liabilities		5,077,938	4,671,723
Creditors: amounts falling due after more than one year	14	(3,856,989)	(3,877,595)
Deferred income – capital grants	16	(99,395)	(114,591)
Provisions for liabilities and charges	17	(53,865)	(26,462)
Net assets		1,067,689	653,075
Capital and reserves			
Called up share capital	18	780,828	780,828
Share premium account		614,207	614,207
Revaluation reserve	19	937,379	937,379
Profit and loss account	20	(1,264,725)	(1,679,339)
Equity shareholders' funds	21	1,067,689	653,075

Associated Egg Packers (Holdings) Limited

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Balance sheet as at 30 April 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	57,736	70,395
Investments	9	378,703	353,703
		436,439	424,098
Current assets			
Debtors	12	1,603,605	1,166,312
Cash at bank and in hand		593,000	619,000
		2,196,605	1,785,312
Creditors: amounts falling due within one year	13	(1,027,585)	(602,413)
Net current assets		1,169,020	1,182,899
Net assets		1,605,459	1,606,997
Capital and reserves			
Called up share capital	18	780,828	780,828
Share premium account		614,207	614,207
Revaluation reserve	19	787,207	787,207
Profit and loss account	20	(576,783)	(575,245)
Equity shareholders' funds	21	1,605,459	1,606,997

The financial statements on pages 6 to 20 were approved by the board on **16/2/01** and were signed on its behalf by:



Director

Statement of total recognised gains and losses for the year ended 30 April 2000

	2000 £	1999 £
Profit/(loss) for the financial year	282,091	(97,368)
Exchange differences on translation of net assets of subsidiaries	132,523	(130,159)
Total profits/(losses) recognised since last annual report	414,614	(227,527)

Consolidated cash flow statement for the year ended 30 April 2000

	2000 £	1999 £
Cash (outflow)/inflow from operating activities (Note 1)	(158,678)	365,563
Returns on investments and servicing of finance (Note 2)	51,325	79,909
Taxation	(1,842)	(20,848)
Capital expenditure and financial investment (Note 2)	(487,489)	(361,608)
Financing (Note 2)	(59,540)	(57,777)
(Decrease)/increase in cash in the period	(656,224)	5,239

Reconciliation of net cash flow movement in net debt for the year ended 30 April 2000

	2000 £	1999 £
(Decrease)/increase in cash in the period	(656,224)	5,239
Movement in net debt in the period	(656,224)	5,239
Net debt at 1 May 1999	755,517	750,278
Net debt at 30 April 2000 (Note 3)	99,293	755,517

Notes to the cash flow statement for the year ended 30 April 2000

1 Reconciliation of operating profit to operating cash flows

	2000	1999
	£	£
Operating profit	364,231	5,930
Depreciation charges	356,027	344,349
(Profit)/loss on sale of tangible fixed assets	(3,516)	7,555
Government grant release	(15,196)	(15,675)
(Increase) in stocks	(226,021)	(162,875)
(Increase)/decrease in debtors	(940)	123,382
(Decrease)/increase in creditors	(765,786)	193,056
Exchange differences on translation of net assets of subsidiary	132,523	(130,159)
Net cash (outflow)/inflow from operating activities	(158,678)	365,563

2 Analysis of cash flows for headings netted in the cash flow statement

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest received	35,916	66,272
Interest paid	(3,294)	(4,838)
Income from other fixed asset investments	18,703	18,475
Net cash inflow for returns on investments and servicing of finance	51,325	79,909
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(559,006)	(399,483)
Sale of fixed assets	71,517	37,875
	(487,489)	(361,608)
Financing		
Net movement on hire purchase and finance lease creditors	(59,540)	(57,777)

3 Analysis of net debt

	At 1 May 1999 £	Cash flow £	At 30 April 2000 £
Cash in hand, at bank	2,036,756	255,080	2,291,836
Overdrafts	(1,281,239)	(911,304)	(2,192,543)
	755,517	(656,224)	99,293

Notes to the financial statements for the year ended 30 April 2000

1 Accounting policies

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below. The directors consider that these accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

Goodwill

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life. The directors have estimated the useful economic life of the asset shown in Note 7 at seven years. Financial Reporting Standard (FRS) 10 "Goodwill and Intangible Assets" requires goodwill to be accounted for as an asset and amortised over its useful economic life.

Basis of consolidation

The group accounts consolidate the audited accounts of the company and all its subsidiaries, which are wholly owned, and have co-terminus accounting years. The subsidiaries are:

Country of Registration

O'Kane Food Service Limited (formerly Gracey Foods Limited)	Northern Ireland
RA Wright (Chicks) Limited	Northern Ireland
Gracey Safeway Limited	Northern Ireland
Safeway Food Service Limited	Republic of Ireland

The accounts of Quality Egg Products Limited, in which the group is an equal partner in a joint venture, have been consolidated under joint venture accounting rules. The company does not have a co-terminus year end with the rest of the group.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or revaluation, of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

	%
Freehold property	- 2 - 2½
Long leasehold property	- 2
Short leasehold property	- expected life 15 years
Plant and machinery	- 10 - 33 ^{1/3}
Office furniture and fittings	- 20 - 30
Motor vehicles	- 25

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss account on an accruals basis.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in bringing the stocks to their current location and condition.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax.

Deferred taxation

The charge for deferred taxation is based on the profit for the year ended and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

Deferred taxation due to accelerated capital allowances is calculated by comparing the net book value of fixed assets with the tax written down values of these assets. The capital grant reserve is deducted from the net book value of fixed assets per the balance sheet in arriving at the net book value for deferred tax purposes. This results in the benefit of non-taxable capital grants being recognised in the tax charge of the year ended in which the grant is earned.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

Foreign currencies

All assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date and the resulting gain/loss is taken to the profit and loss account. All other exchange differences are taken to the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the profit and loss account on a straight-line basis over the shorter of the lease terms and the useful lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding.

Rentals under operating leases are charged to revenue as incurred.

Pension costs

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives within the group.

2 Analysis of turnover

No analysis of turnover is presented as the directors consider such disclosure to be seriously prejudicial to the company's interests.

3 Profit/(loss) on ordinary activities before taxation

	2000 £	1999 £
This is stated after charging/(crediting)		
Auditors' remuneration	16,370	15,900
Depreciation	356,027	344,349
Government grant release	(15,195)	(15,675)
(Profit)/loss on sale of fixed assets	(3,516)	7,555
Property rents	(2,579)	(12,201)
Interest receivable	(35,916)	(61,694)
Interest payable on bank loans and overdrafts	3,155	2,445
Interest payable on finance lease and hire purchase agreements	139	152
Exchange loss	16,569	15,190

4 Employee information

	2000 £	1999 £
Staff costs		
Wages and salaries	2,055,323	2,003,919
Social security costs	161,982	166,666
Other pension costs	105,481	75,525
	2,322,786	2,246,110

	Number	Number
Average monthly number of persons employed by the company (including directors) during the year by activity		
Production	32	31
Selling and distribution	109	113
Administration	35	32
	176	176

5 Directors' emoluments

	2000 £	1999 £
Aggregate emoluments	114,564	84,564

No retirement benefits are accruing to directors under defined benefit schemes.

6 Tax on profit/(loss) on ordinary activities

	2000 £	1999 £
Taxation on profit/(loss) for the year		
UK Corporation tax		
– current year	-	24,079
– prior years	(35,081)	37,680
Deferred tax		
– current year	27,403	2,110
– prior years	-	(43,967)
Irrecoverable ACT	4,044	20,916
	(3,634)	40,818

The corporation tax charge for the year has been reduced by £88,207 because of losses surrendered by a fellow subsidiary undertaking. No payment for this surrender is to be made by the company.

7 Intangible fixed assets

	Goodwill £
Cost	
At 30 April 1999	1,060,708
Acquired during the year	-
At 30 April 2000	1,060,708
Aggregate amortisation	
At 30 April 1999	355,893
Charge for year	137,099
At 30 April 2000	492,992
Net book value	
At 30 April 2000	567,716
At 30 April 1999	704,815

8 Tangible fixed assets

Group	Freehold Property	Long Leasehold Property	Short Leasehold Property £	Plant and machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation							
At 30 April 1999							
Cost	995,566	124,347	55,177	2,140,593	508,499	375,793	4,199,975
Valuation	81,000	-	-	-	-	-	81,000
	1,076,566	124,347	55,177	2,140,593	508,499	375,793	4,280,975
Additions	80,375	-	-	243,789	191,332	43,510	559,006
Disposals	(1,246)	-	-	(267,113)	(4,690)	(67,106)	(340,155)
At 30 April 2000	1,155,695	124,347	55,177	2,117,269	695,141	352,197	4,499,826
Accumulated depreciation							
At 30 April 1999	427,468	-	55,176	1,523,771	311,289	308,057	2,625,761
Charge for year	36,038	-	-	219,265	56,037	44,687	356,027
Disposals	(1,246)	-	-	(210,139)	(1,680)	(59,089)	(272,154)
At 30 April 2000	462,260	-	55,176	1,532,897	365,646	293,655	2,709,634
Net book value							
At 30 April 2000	693,435	124,347	1	584,372	329,495	58,542	1,790,192
At 30 April 1999	649,098	124,347	1	616,822	197,210	67,736	1,655,214

8 Tangible fixed assets (continued)

Company	Long Leasehold Premises £	Plant and machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost					
At 30 April 1999	55,721	6,867	80,960	12,665	156,213
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 April 2000	55,721	6,867	80,960	12,665	156,213
Accumulated depreciation					
At 30 April 1999	-	5,030	68,915	11,873	85,818
Charge for year	-	1,837	10,030	792	12,659
Disposals	-	-	-	-	-
At 30 April 2000	-	6,867	78,945	12,665	98,477
Net book value					
At 30 April 2000	55,721	-	2,015	-	57,736
At 30 April 1999	55,721	1,837	12,045	792	70,395

9 Investments

	2000 £	1999 £
Shares in subsidiaries at cost		
O'Kane Food Service Limited – 100,000 ordinary shares of £1 each	521,705	521,705
RA Wright (Chicks) Limited – 30,000 ordinary shares of £1 each	69,270	69,270
Quality Egg Products Limited – 25,000 ordinary shares of £1 each	25,000	-
	615,975	590,975
Provisions for diminution in value	(237,272)	(237,272)
Net book value	378,703	353,703

10 Other investments

	Group 2000 £	Group 1999 £
Unlisted shares at cost	100	100

11 Stocks

	Group 2000 £	Group 1999 £
Raw materials	57,030	69,603
Goods for resale	1,071,597	833,003
	1,128,627	902,606

12 Debtors

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Trade debtors	2,229,481	2,319,298	-	3,009
Amounts due by group undertakings	299,379	656,347	1,409,316	1,043,696
Corporation tax recoverable	9,786	-	8,120	-
Other debtors	569,838	378,467	182,728	106,137
Prepayments and accrued income	352,713	96,359	3,441	13,470
Called up share capital not paid	83	83	-	-
	3,461,280	3,450,554	1,603,605	1,166,312

13 Creditors: amounts falling due within one year

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Bank overdraft	2,192,543	1,281,239	1,007,203	590,015
Obligations under finance lease and hire purchase agreements	29,270	68,204	-	-
Trade creditors	1,470,316	2,135,272	-	-
Amounts due to group undertakings	-	150,000	-	-
Corporation tax	-	23,093	-	(10,616)
Other tax and social security	52,540	50,445	4,175	4,262
Other creditors	63,486	73,617	-	-
Accruals and deferred income	353,658	296,452	16,207	18,752
	4,161,813	4,078,322	1,027,585	602,413

14 Creditors: amounts falling due after more than one year

	Group 2000 £	Group 1999 £
Obligations under finance lease and hire purchase agreements	6,337	26,943
Amounts due to group undertakings	3,850,652	3,850,652
	3,856,989	3,877,595

15 Obligations under finance lease and hire purchase agreements

	Group 2000 £	Group 1999 £
Future minimum payments under finance lease and hire purchase agreements		
Within one year	29,270	68,204
In more than one year, but not more than five years	6,337	26,943
	35,607	95,147

16 Deferred income

	Group 2000 £	Group 1999 £
Capital grant reserve		
At 30 April 1999	114,591	130,266
Release to profit and loss account	(15,196)	(15,675)
At 30 April 2000	99,395	114,591

17 Provisions for liabilities and charges

	Group 2000 £	Group 1999 £
Deferred taxation		
Opening balance	26,462	68,319
Charge/(credit) for year	27,403	(41,857)
Closing balance	53,865	26,462
Deferred taxation		
Accelerated capital allowances	53,865	26,462

18 Called up share capital

	2000 £	1999 £
Authorised		
800,000 ordinary shares of £1 each	800,000	800,000
Allotted and fully paid		
780,828 ordinary shares of £1 each	780,828	780,828

19 Other reserves

	Revaluation Reserve £	Total £
Group		
At 30 April 1999 and 30 April 2000	937,379	937,379
Company		
At 30 April 1999 and 30 April 2000	787,207	787,207

20 Profit and loss account

	Group £	Company £
At 30 April 1999	(1,679,339)	(575,245)
Net exchange adjustments	132,523	-
Retained profit/(loss) for year	282,091	(1,538)
At 30 April 2000	(1,264,725)	(576,783)

21 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit/(loss) for the financial year	282,091	(97,368)
Net exchange adjustments	132,523	(130,159)
Net increase/(decrease) during year	414,614	(227,527)
Opening shareholders' funds	653,075	880,602
Closing shareholders' funds	1,067,689	653,075

22 Pension commitments

The company operates a pension scheme providing benefits based on members' earnings projected to the date of retirement. The assets of the scheme are held separately from the company, being invested principally in National Funds represented by the FT Actuaries all share index and in a Commercial Union group deferred annuity policy.

The total net pension cost of the company's scheme was £105,481 (1999 - £75,525). The contributions are determined by a qualified actuary. The latest actuarial valuation of the plan was performed at 30 April 1999 using the attained age method. The principal assumptions adopted in the valuation were - investment return would be 7.5% per annum, the rate of salary increase would be 5% per annum and the rate of pension increase would be 5% per annum.

At the date of the latest actuarial valuation at 30 April 1999, the value of the assets was sufficient to cover 102% of the amount of the liabilities of the plan.

The plan was closed to new entrants with effect from 13 May 1998 and the company now sponsors a Group Personnel Pension Plan.

23 Capital commitments

	Group 2000	Group 1999	Company 2000 £	Company 1999 £
Capital expenditure				
Approved and committed	-	177,053	-	-

24 Ultimate controlling party

The ultimate controlling party is O'Kane Poultry Limited, a company incorporated in Northern Ireland.