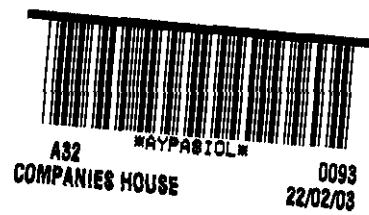


KARDINELL GROUP LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2002

REGISTERED COMPANY NUMBER : 03025713



KARDINELL GROUP LIMITED**DIRECTORS' REPORT**

The directors present their annual report and the audited accounts for the year ended 31st March 2002.

Principal Activities and Business Review

The principal activity of the company is to manage the operations of its subsidiaries. The principal activities of the subsidiaries are as follows: -

Principal Activity

Severn Poultry Limited	Wholesalers and distributors of poultry and meat.
Tom Carr Limited	Wholesalers of poultry and meat.

All subsidiaries are incorporated and registered in England and Wales. All operations take place within the United Kingdom.

The directors are satisfied with the result for the year, and year end position and envisage similar results for the forthcoming year.

A dividend of 37p per share is proposed for the year and the retained profit of £23,569 (2001: £55,134) will be transferred to reserves.

Directors and their Interest in Shares

The directors who served during the year under review and their beneficial interest in the share capital of the company are set out below: -

	Number of Ordinary Shares of £1 each	
	<u>31.03.02</u>	<u>01.04.01</u>
M D C Dilloway	67,500	67,500
Mrs T L Dilloway	-	-
J A Carr	13,500	13,500
T D Carr	54,000	54,000
K Finch - resigned 14th October 2002	15,000	15,000

	Number of Redeemable Preference Shares of £1 each	
	<u>31.03.02</u>	<u>01.04.01</u>
M D C Dilloway	60,316	75,316
Mrs T L Dilloway	-	-
J A Carr	-	-
T D Carr	13,382	28,382
K Finch	-	-

KARDINELL GROUP LIMITED

DIRECTORS' REPORT
(continued)

Auditors

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

A handwritten signature in black ink, appearing to read 'M D C Dilloway', written over the printed name.

M D C Dilloway

Director
28th October 2002

KARDINELL GROUP LIMITED**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 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.

KARDINELL GROUP LTD**Report of the Independent Auditors to the Shareholders of
Kardinell Group Ltd**

We have audited the financial statements of Kardinell Group Ltd for the year ended 31st March 2002 on pages 5 to 13. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 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 affairs of the company as at 31st March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**DAVIES MAYERS & PARTNERS**

Chartered Accountants

Registered Auditors

Pillar House

113/115 Bath Road

Cheltenham

Gloucestershire. GL53 7LS

Dated: 28th October 2002

KARDINELL GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2002

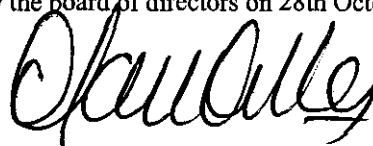
	<u>Note</u>	<u>Total 2002 £</u>	<u>Total 2001 £</u>
Turnover	2	1,617	4,950
Cost of sales		(1,410)	(2,103)
Gross profit		<u>207</u>	<u>2,847</u>
Administrative expenses		(133,229)	(114,468)
Operating income		177,600	173,216
Operating profit	4	<u>44,578</u>	<u>61,595</u>
Income from investments	5	2,418	2,270
Interest receivable and similar income	6	2,706	4,694
Dividends received from subsidiary undertakings		40,000	-
		<u>89,702</u>	<u>68,559</u>
Interest payable and similar charges	7	(133)	(150)
Profit on ordinary activities before taxation		<u>89,569</u>	<u>68,409</u>
Taxation on profit on ordinary activities	8	(10,500)	(13,275)
Profit on ordinary activities after taxation		<u>79,069</u>	<u>55,134</u>
Dividend	9	(55,500)	-
Retained profit for the year	16	<u>23,569</u>	<u>55,134</u>

KARDINELL GROUP LIMITED**BALANCE SHEET****AT 31ST MARCH 2002**

	<u>Note</u>	<u>2002</u>		<u>2001</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fixed assets					
Investment property	10		172,421		149,190
Investments	11		295,743		295,743
			<u>468,164</u>		<u>444,933</u>
Current Assets					
Investments	12	61,166		99,375	
Debtors	13	602		21,752	
Cash at bank and in hand		100,252		34,713	
		<u>162,020</u>		<u>155,840</u>	
Creditors : amounts falling due within one year	14	(246,513)		(210,671)	
Net current liabilities			<u>(84,493)</u>		<u>(54,831)</u>
Net assets			<u>383,671</u>		<u>390,102</u>
Capital and reserves					
Called up share capital	15	223,698		253,698	
Capital Redemption Reserve	16	132,045		102,045	
Profit and loss account	16	27,928		34,359	
Shareholders' funds	17		<u>383,671</u>		<u>390,102</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standards for smaller entities (effective June 2002).

These accounts were approved by the board of directors on 28th October 2002 and signed on its behalf by: -



M D C Dilloway }

DIRECTOR

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****1. Principal 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: -

a) Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Fixed Asset Investments

Fixed asset investments are stated at cost less any permanent diminution in value.

c) Investment Properties

Investment properties are included in the Balance Sheet at the directors' valuation. In accordance with SSAP 19 "Accounting for Investment Properties", no depreciation has been provided in respect of Investment Properties. This is a departure from the Companies Act 1985, although is believed necessary in order for the accounts to show a true and fair view. The current value of Investment Properties, and changes in current value, are of prime importance rather than a calculation of systematic annual depreciation.

d) Pensions

The company operates several defined contribution schemes. The assets of these schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

e) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

f) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating results.

2. Turnover

Turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. All sales are in the United Kingdom and are derived from the principal activities.

KARDINELL GROUP LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2002

3. Directors' Remuneration

The remuneration paid to the directors was as follows: -

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Fees and other emoluments (including benefits in kind)	139,494	112,240
Pensions contributions	3,000	2,750
	<u>142,494</u>	<u>114,990</u>

Retirement benefits are accruing to 1 of the directors under money purchase schemes (2001 : 1).

4. Operating Profit

The operating profit is stated after charging the following: -

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Auditor's remuneration	1,500	1,300
Pension costs	3,000	2,750
	<u> </u>	<u> </u>

5. Income From Investments

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Returns on investments	2,418	2,270
	<u> </u>	<u> </u>

6. Interest Receivable and Similar Income

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Bank interest	2,706	4,694
	<u> </u>	<u> </u>

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****7. Interest Payable and Similar Charges**

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Bank interest, not repayable by instalments within five years	133	150

8. Taxation

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
The tax charge is based on the result for the year: -		
Corporation Taxation @ 20% (2001 : 20%)		
- current year	10,500	13,275

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Profit on ordinary activities before tax	89,569	68,409
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001 – 20%)	17,914	13,682
Effects of:		
Expenses not deductible for tax purposes	-	84
Losses not received in current year	310	(37)
Dividends received from subsidiaries	(8,000)	-
Other adjustments	276	(454)
Current tax charge	10,500	13,275

9. Dividend

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Final dividend of 37 pence (2001 : NIL) per Ordinary Share	55,500	-

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****10. Investment Property**

	Fixtures & Fittings	Freehold Land & Buildings	Total
	£	£	£
Cost			
At 1st April 2001	9,956	139,234	149,190
Additions	-	23,231	23,231
At 31st March 2002	9,956	162,465	172,421
Change in valuation			
Change for Year	-	-	-
At 31st March 2002	-	-	-
Open Market Value			
At 31st March 2002	9,956	162,465	172,421
At 31st March 2001	9,956	139,234	149,190

11. Investments

	Shares in Group Undertakings	
	2002	2001
	£	£
Balance at 1st April 2001 and 31st March 2002	295,743	295,743

At 31st March 2002, the company held 100% of the ordinary share capital of the following: -

Subsidiary	County of Registration and Place of Operation	Nature of Business	Capital and Reserves at		Profit/ (Loss) for Year to	
			2002	2001	2002	2001
			£	£	£	£
Tom Carr Limited	England and Wales	Wholesalers of poultry and meat	194,000	188,113	25,887	13,620
Severn Poultry Limited	England and Wales	Wholesalers and distributors of poultry and meat	94,939	83,396	31,543	(15,873)

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****12. Current Asset Investments**

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Cost		
At 1st April 2001	97,105	-
Additions	60,000	97,105
Disposals	(97,105)	-
At 31st March 2002	<u>60,000</u>	<u>97,105</u>
Market Value		
At 1st April 2001	99,375	-
Additions	60,000	
Increase in market value	2,418	2,270
Disposals	(100,627)	
At 31st March 2002	<u>61,166</u>	<u>99,375</u>

13. Debtors

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Trade debtors	476	2,969
Amounts due from group undertakings	-	17,512
Prepayments	126	1,271
	<u>602</u>	<u>21,752</u>

14. Creditors : Amounts Falling Due Within One Year

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	-	717
Amounts owed to group undertakings	187,216	156,737
Trade creditors	661	1,372
Directors' loan accounts	35,022	22,344
Social security and other taxation	11,614	13,745
Corporation Tax	10,500	13,275
Accruals	1,500	2,481
	<u>246,513</u>	<u>210,671</u>

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****15. Share Capital**

	<u>2002</u> £	<u>2001</u> £
Authorised :		
500,000 Ordinary shares of £1 each	500,000	500,000
500,000 Redeemable preferences shares of £1 each	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
150,000 Ordinary shares of £1 each	150,000	150,000
73,698 (2001 : 103,698 Redeemable preferences shares £1 each)	73,698	103,698
	<u>223,698</u>	<u>253,698</u>

The redeemable preference shares are redeemable at par at the option of the company between 26th January 1998 and 26th January 2006. These shares do not entitle the holder to attend or vote at any general meeting of the company. Any dividend will be fixed by the company in a general meeting.

During the year, 30,000 redeemable preference shares were redeemed at par.

16. Reserves

	<u>Capital Redemption Reserve</u> £	<u>Profit and loss account</u> £
At 1st April 2001	102,045	34,359
Redemption of shares	30,000	(30,000)
Retained profit for year	-	23,569
At 31st March 2002	<u>132,045</u>	<u>27,928</u>

17. Reconciliation of Movement in Shareholders' Funds

	<u>2002</u> £	<u>2001</u> £
Retained profit for the financial year	23,569	55,134
Redemption of preference shares	(30,000)	(28,800)
Net (decrease)/increase in Shareholders' funds	<u>(6,431)</u>	<u>26,334</u>
Opening Shareholders' funds	390,102	363,768
Closing Shareholders' funds	<u>383,671</u>	<u>390,102</u>

KARDINELL GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2002****18. Capital Commitments**

As at 31st March 2002, the company had a capital commitment of £263,037 (2001 : £51,558) in respect of the final payments for the purchase of Investment Properties in Spain. The deposit for the properties has been capitalised and shown within Investment Property additions.

19. Contingent Liabilities

The company has entered into a composite guarantee in respect of any group bank borrowing. At 31st March 2002 the maximum potential liability under this commitment was £Nil (2001 : £72,994).

20. Related Party Transactions

The following disclosures are made in accordance with Financial Reporting Standard 8.

All transactions were in the normal course of business and at arms length.

The following transactions took place with subsidiaries and balances existed as follows:-

	<u>2002</u> £	<u>2001</u> £
Management charge		
- to Tom Carr Limited	112,000	83,200
- to Severn Poultry Limited	65,600	83,200
Included within Debtors		
- owing by Severn Poultry Limited	-	17,512
Included within Creditors		
- owing to Tom Carr Limited	174,008	156,737
- owing to Severn Poultry Limited	13,208	-

21. Transactions with Directors

The following loan accounts existed at the Balance Sheet date:-

	<u>2002</u> £	<u>2001</u> £
T D Carr	1,394	2,462
J A Carr	5,608	601
M D C Dilloway	21,656	18,393
K Finch	6,364	888
	35,022	22,344

The loan accounts do not attract interest and there is no specified repayment date.