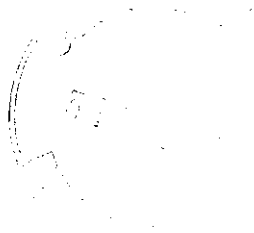

2 Sisters Food Services Limited

Annual Report

◆ Year ended 31 July 2000 ◆



2 SISTERS FOOD SERVICES LIMITED

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2 SISTERS FOOD SERVICES LIMITED

COMPANY INFORMATION

Directors	R Singh B Kaur B Noble
Secretary	B Noble
Registered office	Unit 3 Bevan Way Smethwick Warley West Midlands B66 1AW
Registered number	3475845
Auditors	RSM Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	National Westminster Bank Plc 309 High Street West Bromwich West Midlands B70 8LX

2 SISTERS FOOD SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 2000.

Principal activities

The principal activity of the company is the processing of chicken.

Business review and future developments

The company continued to trade profitably during the year. No significant change is anticipated by the directors in the forthcoming year.

Dividends

An interim dividend of £1,300,000 was paid during the year (1999 : £Nil). The directors do not propose the payment of a final dividend (1999 : £Nil).

Euro

The company does not expect any problems to arise with the introduction of the Euro.

Directors

The present directors of the company are set out on page 1.

Those directors serving at the end of the year had interests in the share capital of the company as follows:

	Ordinary shares of £1 each	
	2000	1999
	No	No
R Singh	-	1
B Kaur	-	1

On 19 November 1999, the company was acquired by Boparan Holdings Limited. The directors have no interest in the share capital of the company. The directors interests in shares of the ultimate parent undertaking, Boparan Holdings Limited are disclosed in the Directors Report of that company.

2 SISTERS FOOD SERVICES LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Directors' responsibilities for the Annual Report

Company law in the United Kingdom 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

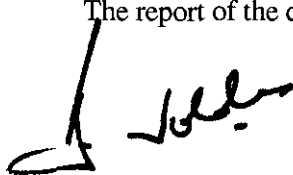
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with Company Law in the United Kingdom.

Auditors

The auditors, RSM Robson Rhodes are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 6 March 2001 and signed on its behalf by:



B NOBLE
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2 SISTERS FOOD SERVICES LIMITED

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

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 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 company as at 31 July 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors

Birmingham, England
6 March 2001

2 SISTERS FOOD SERVICES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 July 2000

	Note	2000 £	1999 £
Turnover - continuing operations	2	21,715,849	18,668,778
Cost of sales		(18,570,818)	(15,796,938)
Gross profit		3,145,031	2,871,840
Distribution costs		(431,105)	(263,073)
Administrative expenses		(587,191)	(577,309)
Operating profit - continuing operations	3	2,126,735	2,031,458
Interest receivable and similar income	4	9,156	-
Interest payable	5	(10,400)	(7,935)
Profit on ordinary activities before taxation		2,125,491	2,023,523
Tax on profit on ordinary activities	7	(641,566)	(641,690)
Profit on ordinary activities after taxation		1,483,925	1,381,833
Dividends	8	(1,300,000)	-
Retained profit for the year	16	183,925	1,381,833

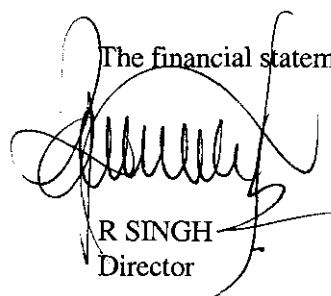
There are no recognised gains or losses other than the results for the years set out above.

2 SISTERS FOOD SERVICES LIMITED

BALANCE SHEET at 31 July 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	9	420,228	335,894
Current assets			
Stocks	10	329,591	577,648
Debtors	11	4,287,338	3,909,210
Cash at bank and in hand		550,221	274,637
Creditors: Amounts falling due within one year	12	5,167,150 (3,409,601)	4,761,495 (3,067,036)
Net current assets		1,757,549	1,694,459
Total assets less current liabilities		2,177,777	2,030,353
Creditors: Amounts falling due after more than one year	13	(19,596)	(45,547)
Provision for liabilities and charges	14	-	(10,550)
		2,158,181	1,974,256
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account	16	2,158,177	1,974,252
Capital redemption reserve	16	2	2
Equity shareholders' funds	17	2,158,181	1,974,256

The financial statements were approved by the Board on 6 March 2001 and signed on its behalf by:


R SINGH
Director

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the year.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Plant and machinery	20%
Fixtures, fittings and equipment	20%
Motor vehicles	25%

Leased assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 July 2000****2. TURNOVER BY GEOGRAPHICAL MARKET**

	2000	1999
	£	£
United Kingdom	21,715,849	18,544,150
Other EC countries	-	124,628
	21,715,849	18,668,778

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	2000	1999
	£	£
Auditors' remuneration	9,000	8,000
Depreciation	104,151	29,111

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Bank interest receivable	9,156	-

5. INTEREST PAYABLE

	2000	1999
	£	£
Interest on loans and overdrafts repayable wholly within five years	2,234	4,817
Interest on leased assets	8,166	3,118
	10,400	7,935

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 July 2000****6. EMPLOYEES**

Average weekly number of employees, including directors:

	2000 No	1999 No
Production	100	95
Administration and selling	8	7
	108	102

Staff costs, including directors:

	2000 £	1999 £
Wages and salaries	1,460,675	1,314,391
Social security costs	116,030	98,579
	1,576,705	1,412,970

The directors received no remuneration during the period.

7. TAXATION

Taxation charge for the period:

	2000 £	1999 £
Corporation tax at 30% (1999 : 30.67%)	652,116	631,140
Deferred taxation	(10,550)	10,550
	641,566	641,690

8. DIVIDENDS

	2000 £	1999 £
Interim paid		
On ordinary shares at £325,000 per share	1,300,000	-

2 SISTERS FOOD SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 July 2000****9. TANGIBLE ASSETS**

	Fixtures and fittings £	Office equipment £	Plant and machinery £	Total £
Cost				
At 1 August 1999	131	2,105	362,769	365,005
Additions	2,296	1,817	136,039	140,152
Inter company transfers	-	-	200,000	200,000
At 31 July 2000	2,427	3,922	698,808	705,157
Depreciation				
At 1 August 1999	-	-	29,111	29,111
Charged in period	485	580	103,088	104,153
Inter company transfers	-	-	151,665	151,665
At 31 July 2000	485	580	283,864	284,929
Net book value				
At 31 July 2000	1,942	3,342	414,944	420,228
At 31 July 1999	131	2,105	333,658	335,894

Included within plant and machinery are assets with net book value of £74,250 (1999 : £94,050) held under finance leases. Depreciation of £19,800 (1999 : £4,950) was charged on these during the year.

10. STOCKS

	2000 £	1999 £
Processed goods for resale	329,591	577,648

The replacement cost of the above stocks would not be significantly different from the values stated.

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 July 2000****11. DEBTORS**

	2000	1999
	£	£
Trade debtors	1,536,307	919,983
Amounts owed from group undertakings	2,494,187	2,806,110
Other debtors	227,425	154,306
Prepayments and accrued income	29,419	28,811
	4,287,338	3,909,210

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Obligations under finance leases	26,128	23,089
Trade creditors	1,490,891	2,131,419
Amounts owed to group undertakings	123,894	37,154
Corporation tax	641,566	631,140
Other taxation and social security	77,350	109,075
Accruals and other deferred income	493,971	135,159
Other creditors	555,801	-
	3,409,601	3,067,036

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Obligations under finance leases		
- due between one and two years	19,596	45,547

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 July 2000****14. PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation comprises:

	Amounts provided		Amounts unprovided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances	18,050	16,487	18,050	16,487
Other timing differences	(18,050)	(5,937)	(23,259)	(5,937)
	-	10,550	(5,209)	10,550

15. SHARE CAPITAL

	2000	1999
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
2 ordinary shares of £1 each	2	2

16. RESERVES

	Capital redemption reserve	Profit and loss account
	£	£
At 1 August 1999	2	1,974,252
Retained profit for the year	-	183,925
At 31 July 2000	2	2,158,177

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Total recognised gains	1,483,925	1,381,833
Dividends	(1,300,000)	-
Opening equity shareholders funds	183,925	1,381,833
	1,974,256	592,423
Closing equity shareholders' funds	2,158,181	1,974,256

18. FINANCIAL COMMITMENTS

There were no capital or operating lease commitments at 31 July 2000 (1999 : £NIL)

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under FRS8 which does not require disclosure of transactions between subsidiary undertakings as more than 90% of the company's voting rights are controlled within the Group.

20. CONTINGENT LIABILITY

The company has guaranteed the bank overdrafts of its fellow group undertakings. As 30 July 2000, the amount secured under the guarantee amounted to £3,347,278 (1999: £2,353,716).

21. PARENT UNDERTAKING

The ultimate parent company is Boparan Holdings Limited, which is registered in England and Wales. Group accounts are available from Companies House, on payment of the appropriate fee.