

REPORT AND FINANCIAL STATEMENTS

BFP WHOLESALE LIMITED

31st DECEMBER 2004

Registered Number 2758805



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BFP Wholesale Limited

Registered No. 2758805

DIRECTORS

H C Jongejan (Chairman)

N J T Harris (Managing)

S R Delaforce

D van der Boon

SECRETARY

S R Delaforce

AUDITORS

Ernst & Young LLP

Compass House

80 Newmarket Road

Cambridge

CB5 8DZ

BANKERS

Lloyds TSB Bank plc

P.O. Box 72

Bailey Drive

Gillingham Business Park

Kent

ME8 0LS

REGISTERED OFFICE

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Felixstowe

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IP11 3QW

BFP Wholesale Limited
REPORT AND FINANCIAL STATEMENTS
for the year ended 31st December 2004

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BFP Wholesale Limited
DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st December 2004.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is the distribution of yeast and bakery raw materials.

A successful year of trading with a further growth in profitability.

The directors consider the company's financial position at the end of the year to be satisfactory.

RESULTS AND DIVIDEND

The result for the year after taxation was a profit of £189,000 (2003 – profit of £84,000).

No dividend was paid in the year (2003 – Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown below:

H C Jongejan	(Chairman)
N J T Harris	(Managing)
D van der Boon	
S R Delaforce	

None of the directors have any interest in the share capital of the company.

DISABLED EMPLOYEES

Wherever possible it is company policy to employ disabled persons, to offer continuity of employment to employees who become disabled, and to provide career and training opportunities commensurate with their abilities.

DIRECTORS LIABILITIES

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

BFP Wholesale Limited
DIRECTORS' REPORT (continued)

EMPLOYEE CONSULTATION

It is the company's policy to provide employees with adequate information on all matters of concern to them. Regular meetings take place to acquaint staff with the plans and progress of the company and to consult with them on matters affecting their interests.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

S R Delaforce
Secretary



10th June 2005

BFP Wholesale Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the Financial Statements.

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.

BFP Wholesale Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BFP WHOLESALE LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 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.

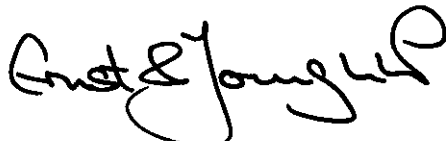
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

BFP Wholesale Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BFP WHOLESALE
LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor

Cambridge

Date *16 June* 2005

BFP Wholesale Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2004

	Notes	2004 £000	2003 £000
TURNOVER	2	58,685	57,969
Operating costs	3	(58,163)	(57,690)
		—	—
OPERATING PROFIT	4	522	279
Loss on disposal of fixed assets		-	(3)
Interest receivable	6	54	24
Interest payable	7	(300)	(179)
		—	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		276	121
Tax on profit on ordinary activities	8	(87)	(37)
		—	—
RETAINED PROFIT FOR THE YEAR	16	189	84

STATEMENT OF TOTAL RECOGNISED GAINS OR LOSSES

There are no recognised gains or losses in the current or prior year other than the profit attributable to shareholders of the company shown above as retained profit for the year.

BFP Wholesale Limited**BALANCE SHEET at 31st December 2004**

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	9	515	626
		—	—
CURRENT ASSETS			
Stocks	10	2,453	2,802
Debtors	11	8,489	8,732
Cash at bank and in hand		3,901	2,231
		14,843	13,765
CREDITORS: Amounts falling due within one year	12	(10,638)	(12,360)
		—	—
NET CURRENT ASSETS		4,205	1,405
		—	—
TOTAL ASSETS LESS CURRENT LIABILITIES		4,720	2,031
CREDITORS: Amounts falling due after more than one year	13	(2,500)	-
		—	—
NET ASSETS		2,220	2,031
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account	16	2,220	2,031
		—	—
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	2,220	2,031

Approved by the board on

S R Delaforce

)

) Directors

N J T Harris

)

10th June 2005

S R Delaforce
N J T Harris

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Leasehold buildings	- over the lease term
Plant and machinery	- 3-14 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be reasonable.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred to completion and disposal.

TAXATION

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted, or substantively enacted at the Balance Sheet date.

CASH FLOW

The directors have taken the advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

BFP Wholesale Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31st December 2004

1. ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

LEASING COMMITMENTS

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

PENSIONS

The company participates in the British Fermentation Products Limited Retirement Benefits Scheme, which is a defined benefit pension scheme, and which requires contributions to be made to separately administered funds.

DSM Bakery Ingredients Limited has implemented FRS 17 "Retirement Benefits" during the period and hence the group pension liability has been recognised in DSM Bakery Ingredients Limited's accounts, as the company cannot identify its shares of underlying assets and liabilities of the scheme. Therefore the company has accounted for the pension scheme as a defined contribution scheme and its contributions are charged in the profit and loss account in accordance with the provisions of FRS 17 "Retirement Benefits" (see note 18).

2. TURNOVER

Turnover represents the invoiced value of sales, net of trade discounts, and Value Added Tax. Analysis of turnover by differing classes of business and by geographical markets is not provided since, in the opinion of the directors, such disclosure would be seriously prejudicial to the company's interests.

3. OPERATING COSTS

	2004	2003
	£000	£000
Change in stocks of finished goods and goods for resale	349	210
Raw materials and consumables	48,102	47,871
Staff costs (Note 5)	4,763	4,767
Depreciation	118	184
Other operating charges	4,831	4,658
	<hr/>	<hr/>
	58,163	57,690

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

4. OPERATING PROFIT

Operating profit is stated after charging:

	2004 £000	2003 £000
Directors' remuneration (see Note 5)	174	168
Depreciation of owned assets	118	184
Hire of plant and equipment	195	141
Operating lease rentals - land and buildings	521	518
- plant and machinery	1,100	1,209
Auditor's remuneration - audit	8	14
- other services	5	5
	<hr/>	<hr/>

5. STAFF COSTS

	2004 £000	2003 £000
Staff Costs:		
Wages and salaries	3,999	3,997
Social Security costs	323	320
Other pension costs	441	450
	<hr/>	<hr/>
	4,763	4,767

The average monthly number of employees was made up as follows:

	Number	Number
Selling and distribution	156	166
Administration	22	23
	<hr/>	<hr/>
	178	189

BFP Wholesale Limited**NOTES TO THE FINANCIAL STATEMENTS****at 31st December 2004****5. STAFF COSTS (continued)****DIRECTORS' REMUNERATION**

	2004 £000	2003 £000
Emoluments	174	168

Retirement benefits accrue to two (2003: two) directors under a defined benefit scheme.

6. INTEREST RECEIVABLE

	2004 £000	2003 £000
Bank interest	54	24

7. INTEREST PAYABLE

	2004 £000	2003 £000
Group interest payable	300	179

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

8. TAX

Tax on Profit on Ordinary Activities

	2004 £000	2003 £000
UK Corporation tax		
UK Corporation tax on profits of the period	77	43
Adjustments in respect of previous periods	33	(144)
	<hr/>	<hr/>
Total current tax	110	(101)
Deferred tax		
Originating and reversal of timing differences (Note 14)	<u>(23)</u>	<u>138</u>
Tax on Profit on Ordinary Activities	<u>87</u>	<u>37</u>

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	2004 £000	2003 £000
Profit on ordinary activities before tax	<u>276</u>	<u>121</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30.00% (2003: 30.00%)	83	36
Effect of:		
Disallowed expenses	13	22
Capital allowances in excess of depreciation	(23)	(7)
Other timing differences	4	(8)
Adjustments in respect of previous periods	33	(144)
Current tax charge / (credit) for the period	<u>110</u>	<u>(101)</u>

Factors that may affect future tax charges

Deferred tax assets have been recognised in the current and prior year as the Directors consider that within the DSM group there are suitable taxable profits from which the future reversal of the assets can be deducted by way of group relief.

BFP Wholesale Limited**NOTES TO THE FINANCIAL STATEMENTS****at 31st December 2004****9. TANGIBLE FIXED ASSETS**

	Leasehold buildings £000	Plant and machinery £000	Total £000
Cost:			
At 31 st December 2003	140	2,062	2,202
Additions	-	7	7
	<hr/>	<hr/>	<hr/>
At 31 st December 2004	140	2,069	2,209
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 31 st December 2003	46	1,530	1,576
Charge for the year	10	108	118
	<hr/>	<hr/>	<hr/>
At 31 st December 2004	56	1,638	1,694
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 st December 2003	94	532	626
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 st December 2004	84	431	515

10. STOCKS

	2004 £000	2003 £000
Finished goods and goods for resale	2,453	2,802

The difference between purchase price of stocks and their replacement cost is not material.

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

11. DEBTORS

	2004 £000	2003 £000
Trade debtors	7,723	7,742
Deferred tax	116	93
Amounts owed by parent and fellow subsidiary undertakings	47	154
Prepayments and accrued income	603	743
	<hr/>	<hr/>
	8,489	8,732

12. CREDITORS: Amounts falling due within one year

	2004 £000	2003 £000
Trade creditors	7,101	6,463
Loan	-	500
Amounts owing to parent undertaking	2,991	4,807
Corporation tax	77	43
Accruals	469	547
	<hr/>	<hr/>
	10,638	12,360

13. CREDITORS: Amounts falling due after more than one year

	2004 £000	2003 £000
Inter Company Loan wholly repayable on 15 th November 2008	2,500	-

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

14. PROVISIONS FOR LIABILITIES AND CHARGES

Provision for deferred tax

**Deferred tax
asset
£000**

At 1 st January 2004	93
Profit and loss account : Current year	(19)
Adjustments in respect of prior years	<u>42</u>
At 31 st December 2004	116

The deferred tax consists of:

	2004 £000	2003 £000
Decelerated capital allowances	46	27
Other timing differences	70	66
	<hr/>	<hr/>
Total deferred tax assets	116	93

BFP Wholesale Limited
NOTES TO THE FINANCIAL STATEMENTS
at 31st December 2004

15. CALLED UP SHARE CAPITAL

	2004	2003
Authorised:		
Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
Ordinary shares of £1 each	100	100

**16. RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share Capital £000	Profit and Loss A/c £000	Total £000
At 31 st December 2002	-	1,947	1,947
Profit for the year	-	84	84
At 31 st December 2003	-	2,031	2,031
Profit for the year	-	189	189
At 31 st December 2004	-	2,220	2,220

BFP Wholesale Limited**NOTES TO THE FINANCIAL STATEMENTS****at 31st December 2004****17. LEASE COMMITMENTS**

Annual commitments under non-cancellable operating leases for land and buildings are:

	2004 £000	2003 £000
Leases expiring between 2 and 5 years	49	49
Leases expiring after 5 years	494	468
	<hr/> 543	<hr/> 517

Annual commitments under non-cancellable operating leases for plant and machinery are:

	2004 £000	2003 £000
Leases expiring within 1 year	81	66
Leases expiring between 2 and 5 years	811	1,001
Leases expiring after 5 years	2	3
	<hr/> 894	<hr/> 1,070

BFP Wholesale Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31st December 2004

18. PENSION COSTS

The employees of the company participate in a defined benefit scheme, the British Fermentation Products Limited Retirement Benefits Scheme, operated by DSM Bakery Ingredients UK Limited. The scheme is funded by payment of contributions to a separate trustee administered fund.

The company contributed £441,000 (2003: £450,000) to the scheme.

DSM Bakery Ingredients Limited has implemented FRS 17 "Retirement Benefits" during the period and hence the group pension liability has been recognised in DSM Bakery Ingredients Limited's accounts, as BFP Wholesale Ltd cannot identify its shares of underlying assets and liabilities of the scheme. Therefore the company has accounted for the pension scheme as a defined contribution scheme and its contributions are charged in the profit and loss account in accordance with the provisions of FRS 17 "Retirement Benefits".

An actuarial valuation of the scheme was carried out by Aon Limited as at 1 June 2004 using the projected unit method. These figures were updated to reflect the positions at 31 December 2004. The principal assumptions were that retail price inflation would be 2.75% per annum, pension increases would be in line with price inflation, salary growth would be 3.50% per annum, the real investment return would be 8.0% per annum and the discount rate would be 5.3%. At that date the market value of the scheme's assets was £29,174,000. Assets represented 73% of the value of benefits that had accrued to members to that date, and the shortfall in value is being funded by increased contributions from the company.

The assets in the defined benefit schemes and their expected rates of return were:

	Long-term rate of return expected at 31 Dec 2004	Long-term rate of return expected at 31 Dec 2003	Long-term rate of return expected at 31 Dec 2002	Long-term rate of return expected at 31 Dec 2001
Equities	8.00	8.50	8.00	7.50
Bonds	5.30	5.40	5.50	6.00
Gilts	4.50	4.80	4.75	5.00
Other	4.00	4.00	4.00	4.00
	Value at 31 Dec 2004 £000	Value at 31 Dec 2003 £000	Value at 31 Dec 2002 £000	Value at 31 Dec 2001 £000
Equities	17,272	15,837	16,248	20,095
Bonds	5,165	5,953	3,747	3,699
Gilts	6,676	5,003	3,686	3,632
Other	61	18	145	104
Total market value of assets	29,174	26,811	23,826	27,530
Present value of scheme liabilities	(39,987)	(38,287)	(33,715)	(29,380)
Deficit in the scheme	(10,813)	(11,476)	(9,889)	(1,850)
Related deferred tax asset	3,244	3,443	2,967	555
Net pension liability	(7,569)	(8,033)	(6,922)	(1,295)

BFP Wholesale Limited**NOTES TO THE FINANCIAL STATEMENTS****at 31st December 2004**

Analysis of the movement in scheme deficit during the year:

	2004	2003
	£000	£000
Deficit at 31 December 2003	(11,476)	(9,889)
Current service cost	(1,061)	(992)
Contributions paid	905	934
Past service costs	—	—
Other finance income	(159)	(169)
Actuarial gains/(losses)	978	(1,360)
Deficit at 31 December 2004	(10,813)	(11,476)

History of experience gains and losses:

	2004	2003
	£000	£000
Difference between the expected and actual return on scheme assets value	593	1,589
Percentage of scheme assets	2%	6%
Experience gains and losses on scheme liabilities		
Value	19	667
Percentage of the present value of the scheme liabilities	0%	2%
Total amount that would have been recognised in the STRGL		
Value	978	(1,360)
Percentage of the present value of the scheme liabilities	2%	(4%)

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Gist-brocades Holdings Limited, a company registered in England and Wales.

The company's ultimate holding company and controlling party is DSM NV, a company incorporated in The Netherlands, in whose consolidated accounts it is included, a copy of which can be obtained from DSM NV, P O Box 1, 2600 MA Delft, The Netherlands.

20. RELATED PARTY TRANSACTIONS

The company has significant transactions with fellow subsidiaries of DSM NV. Since the company is a wholly owned subsidiary, advantage has been taken of the exemption granted by Financial Reporting Standard Number 8 from the disclosure of these transactions.