

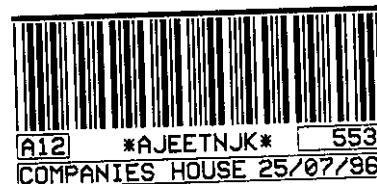
14172

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 1995**

**Registered in England No. 14172**



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# EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED

## DIRECTORS REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 30 September 1995.

### Activities and Business Review

Sales from continuing businesses reflect the trades of Peter's Savoury Products (manufacture of pies and sausages), Brossard (frozen and chilled cakes) and Memory Lane Cakes (ambient cakes). Competition remains very strong and downward pressure on margins continues and despite the application of strict cost controls, a trading loss has been incurred this year.

### Financial

After deducting the preference dividends of £112,609 (1994 £450,434) profit for the year retained in the company is £9,374,000 (1994 - £10,240,000). The directors do not recommend a dividend on either the ordinary or the ordinary 'A' shares. A summary of changes to the company's fixed tangible assets and investments during the period is given in notes 10 and 11 on pages 15 and 16 of the financial statements.

### Secretary

The Secretary during the year was as follows:

Mr R J Gardner

### Directors

The directors who served during the year (together with those subsequently appointed/resigned) were as follows:

Mr I R McMahon

Mr B S Jones

Mr J M Summerlin - appointed 16 December 1994

Mrs J Wilkinson - resigned 16 December 1994

### Directors' Interests

The directors who held office at the end of the year under review had the following interests in the shares of the ultimate holding company Grand Metropolitan PLC:

|                  | ---- Ordinary Shares ---- |   |               | ----- Options -----         |                               |   |
|------------------|---------------------------|---|---------------|-----------------------------|-------------------------------|---|
|                  | At<br>30.9.95             | At 1.10.95 or<br>date of<br>appointment | At<br>30.9.95 | Granted<br>During<br>Period | Exercised<br>During<br>Period | At 1.10.94 or<br>date of<br>appointment |
| Mr I R McMahon   | Nil                       | Nil                                     | 152,493       | 35,493                      | Nil                           | 117,000                                 |
| Mr J M Summerlin | 600                       | Nil                                     | 65,493        | 51,493                      | Nil                           | 14,000                                  |
| Mr B S Jones     | 2,293                     | 516                                     | 29,394        | 4,000                       | 1,777                         | 27,171                                  |

## **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

### **DIRECTORS' REPORT** (continued)

The directors hold the above options under the Grand Metropolitan PLC executive share option scheme and/or savings related share option scheme, at prices between 380p and 471p per share exercisable by 2003.

Other than the above, no directors had any interest, beneficial or non-beneficial, in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary.

### **Employees**

#### Employment of disabled persons

Depending on their skills and abilities, disabled people are given the same consideration as others when applying for jobs and have the same opportunities for promotion, career development and training as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

#### Employee Involvement

The company is committed to the development of employee consultation and, thereby, to their greater involvement in the company's operations.

Action in a variety of appropriate ways has been taken to develop arrangements aimed at providing employees with information on matters of concern to them, consulting with employees or their representatives, encouraging their involvement in the company's performance and achieving an awareness on the part of employees of the financial and economic factors affecting the company's performance.

#### Equal Opportunities

The company's equal opportunities policy provides that all internal and external advertising now promotes the company's support for equal opportunities.

#### Occupational Health

The company continues to establish and maintain required standards of health and hygiene specific to each employee's occupation and to ensure that employees meet these standards. The company continues to monitor the work environment and identify potential problems which may affect employees' health.

#### Health and Safety

The company has full regard for the occupational health and safety of its employees and others who have occasion to be on the company's premises or who are affected by its undertakings.

## **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Research and Development**

Research and Development activity continues to focus on added value products and process improvement activities.


#### **Insurance**

During the year liability insurance was maintained for the officers of the company and its subsidiary undertakings.

#### **Political and Charitable Contributions**

The company made no political contributions during the year. Donations to UK charities amounted to £Nil (1994 - £14,000).

By order of the Board



**R. J. Gardner**  
**Secretary**

*24th June 1996*

**Harman House**  
**1 George Street**  
**Uxbridge**  
**Middlesex**  
**UB8 1QQ**

## **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

### **Directors' Responsibilities in respect of the preparation of Financial Statements**

The following statement, which should be read in conjunction with the report of the auditors set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year.

The directors consider that in preparing the financial statements on pages 6 to 21, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.



**J M Summerlin**  
Director

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

**REPORT OF THE AUDITORS, KPMG,  
TO THE MEMBERS OF EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

We have audited the financial statements on pages 6 to 21.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of 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 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 company as at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

**KPMG**  
Chartered Accountants  
Registered Auditors

London

5 July 1996

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 30th September 1995**

|  | Notes | £'000 | 1995<br>£'000 | £'000   | 1994<br>£'000 |
|--|-------|-------|---------------|---------|---------------|
| <b>Turnover</b>                                      | 2     |       | 125,115       |         | 115,698       |
| <b>Operating costs</b>                               | 3-5   |       | (127,878)     |         | (115,162)     |
| <b>Operating (loss)/profit</b>                       |       |       | (2,763)       |         | 536           |
| <b>Discontinued operations</b>                       | 6     |       |               |         |               |
| Loss on sale of business                             |       | (851) |               | (3,249) |               |
| Utilisation of prior year provisions                 |       | 851   |               | 3,249   |               |
| Provisions for loss on sale of business              |       | -     |               | 3,000   |               |
|  |       |       | -             |         | 3,000         |
| <b>Net interest receivable</b>                       | 7     |       | 15,646        |         | 10,033        |
| <b>Profit on ordinary activities before taxation</b> |       |       | 12,883        |         | 13,569        |
| <b>Taxation on profit on ordinary activities</b>     | 8     |       | (3,396)       |         | (2,879)       |
| <b>Profit for the financial year</b>                 |       |       | 9,487         |         | 10,690        |
| <b>Non equity dividends proposed</b>                 | 9     |       | (113)         |         | (450)         |
| <b>Transferred to reserves</b>                       |       |       | 9,374         |         | 10,240        |

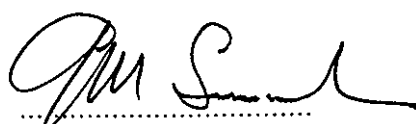
Turnover and operating profits arose solely from continuing operations.



**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****BALANCE SHEET****As at 30th September 1995**

|  | Notes | £'000          | 1995<br>£'000  | £'000          | 1994<br>£'000  |
|--|-------|----------------|----------------|----------------|----------------|
| <b>Fixed assets</b>                                    |       |                |                |                |                |
| Tangible assets  | 10    |                | 38,890         |                | 38,020         |
| Investments  | 11    |                | 5,980          |                | 5,980          |
|  |       |                | <u>44,870</u>  |                | <u>44,000</u>  |
| <b>Current assets</b>                                  |       |                |                |                |                |
| Stocks   | 12    | 8,480          |                | 8,765          |                |
| Debtors  | 13    | 270,974        |                | 285,946        |                |
| Cash at bank and in hand                               |       | 2,337          |                | 149            |                |
|  |       | <u>281,791</u> |                | <u>294,860</u> |                |
| <b>Creditors</b>                                       |       |                |                |                |                |
| amounts falling due within on year                     | 14    | (85,512)       |                | (102,785)      |                |
|  |       |                | <u>196,279</u> |                | <u>192,075</u> |
| <b>Net current assets</b>                              |       |                |                |                |                |
|  |       |                | <u>241,149</u> |                | <u>236,075</u> |
| <b>Total assets less current liabilities</b>           |       |                |                |                |                |
| <b>Creditors</b>                                       |       |                |                |                |                |
| amounts falling due after more than one year           | 14    |                | (915)          |                | (4,017)        |
| <b>Provisions for liabilities and charges</b>          | 16    |                | (9,146)        |                | (10,344)       |
|  |       |                | <u>231,088</u> |                | <u>221,714</u> |
| <b>Capital and reserves</b>                            |       |                |                |                |                |
| Called up equity and non- equity share capital         | 17    |                | 15,139         |                | 15,139         |
| <b>Reserves</b>  |       |                |                |                |                |
| Share premium account                                  | 18    |                | 772            |                | 772            |
| Other reserves   | 18    |                | 2,937          |                | 2,937          |
| Profit and loss account                                | 18    |                | 212,240        |                | 202,866        |
| <b>Total equity and non-equity shareholder's funds</b> |       |                | <u>231,088</u> |                | <u>221,714</u> |

The financial statements on pages 6 to 21 were approved by the Board of Directors on 24th June 1996  
1996 and signed on its behalf by:



J M Summerlin

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 30 September 1995**

|  | <b>1995</b><br><b>£'000</b> | <b>1994</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Profit for the financial year                              | 9,487                       | 10,690                      |
| Prior year tax adjustment                                  | -                           | 9                           |
| Total gains and losses recognised since last annual report | <u>9,487</u>                | <u>10,699</u>               |

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**For the year ended 30 September 1995**

|   | <b>1995</b><br><b>£'000</b> | <b>1994</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| Profit for the year                                     | 9,487                       | 10,690                      |
| Dividends   | (113)                       | (450)                       |
| Other recognised gains and losses                       | <u>-</u>                    | <u>9</u>                    |
| Goodwill transferred in respect of disposal of business | -                           | (50)                        |
| Net additions to shareholders' funds                    | 9,374                       | 10,199                      |
| Total shareholders' funds at beginning of year          | <u>221,714</u>              | <u>211,515</u>              |
| Total shareholders' funds at end of year                | <u>231,088</u>              | <u>221,714</u>              |
| Representing :  |                             |                             |
| Equity shareholders' funds                              | 229,378                     | 220,004                     |
| Non-equity shareholders' funds                          | 1,710                       | 1,710                       |
|   | <u>231,088</u>              | <u>221,714</u>              |

## **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

### **NOTES (forming part of the financial statements)**

#### **1. Accounting Policies**

##### ***Basis of preparation***

The financial statements of the company are prepared under the historical cost convention and comply with UK accounting standards. The bases used are consistent with those used in the previous period.

The company has not presented group financial statements, by virtue of S.228 of the Companies Act 1985, and has not presented a cash flow statement. The company is a wholly owned subsidiary undertaking of Grand Metropolitan PLC, a company registered in England, which presents group accounts including a group cash flow statement.

##### ***Goodwill***

Goodwill is written off through reserves in the period of acquisition. The profit or loss on the disposal of a previously acquired business reflects the attributable amount of purchased goodwill relating to that business.

##### ***Turnover***

Turnover excludes VAT but includes subsidies receivable.

##### ***Fixed assets and depreciation***

Fixed assets are stated at cost. Profit or loss on sale of property is the difference between the disposal proceeds and the net book value.

No depreciation is provided on freehold land. Freehold buildings and long leaseholds are depreciated over 40 years. Other leaseholds are depreciated over the unexpired period of the lease. Other fixed assets are depreciated to residual values over their estimated useful lives within the following ranges:

|                       |               |
|-----------------------|---------------|
| Plant and machinery   | 2 to 20 years |
| Fixtures and fittings | 1 to 5 years  |

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)*****Leases***

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases.

Future instalments payable by the company under finance leases, net of finance charges, are included within creditors with the corresponding asset values recorded as fixed tangible assets and depreciated over the shorter of their estimated useful lives or lease terms. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Operating lease payments are taken to the profit and loss account on a straight line basis over the life of the lease.

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction or if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities in foreign currencies are retranslated into sterling at the financial year end exchange rate.

All exchange gains and losses are taken to the profit and loss account.

***Deferred taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of short term timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

***Research and development expenditure***

Research and development expenditure is written off in the year in which it is incurred.

***Investments***

Investments are valued individually at the lower of cost and net realisable value. All investments are unlisted and net realisable value is estimated by the directors.

# **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

## **NOTES (continued)**

### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost includes, where appropriate, production and other direct overhead expenses.

### ***Post employment benefits***

The majority of company employees are members of group pension schemes operated by Grand Metropolitan PLC. Contributions by this company are based on pension costs across the Grand Metropolitan group as a whole. The schemes are of the defined benefit type funded by payments to trustee administered funds. The costs of providing pensions and other post employment benefits is charged against profits on a systematic basis, with pension surpluses and deficits allocated on a straight line basis over the expected remaining service lives of current employees.

Differences between the amounts charged in the profit and loss account and payments made to the plans are treated as assets or liabilities in the balance sheet. Particulars of the valuations of the group plans are contained in the financial statements of Grand Metropolitan PLC.

### ***Exceptional Items***

Exceptional items are those that need to be separately disclosed by virtue of their size or incidence. Such items are included within the profit and loss caption to which they relate but are separately disclosed either in the notes or on the face of the profit and loss account.

## **2. Analysis of turnover and profit before taxation**

- (i) The turnover and profit before taxation are attributable to the processing, manufacture and distribution of food products, all of which is carried out in the United Kingdom.
- (ii) Geographical area by destination:

|                        | <u>1995</u>    | <u>1994</u>    |
|------------------------|----------------|----------------|
|                        | £'000          | £'000          |
| UK and Eire            | 124,805        | 113,563        |
| Continental Europe     | 200            | 2,135          |
| Africa and Middle East | 110            | -              |
|                        | <u>125,115</u> | <u>115,698</u> |
|                        | =====          | =====          |

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)****3. Operating Costs**

|  | <u>1995</u>    | <u>1994</u>    |
|--|----------------|----------------|
|  | <u>£'000</u>   | <u>£'000</u>   |
| Raw materials and consumables  | 67,464         | 60,511         |
| Other external charges   | 25,961         | 22,942         |
| Staff costs (note 4)   | 30,443         | 29,826         |
| Depreciation of tangible fixed assets                                | 3,135          | 3,226          |
| (Increase)/decrease in stocks of finished goods and work in progress | 905            | (1,343)        |
| Other operating income   | (30)           | -              |
|  | <u>127,878</u> | <u>115,162</u> |

Other external charges include:

|   | <u>1995</u>  | <u>1994</u>  |
|---|--------------|--------------|
|   | <u>£'000</u> | <u>£'000</u> |
| Operating lease rentals for plant and machinery | 2,956        | 3,166        |
| Other operating lease rentals                   | 17           | 44           |
| Statutory audit fees                            | -            | 30           |
| Other auditors' remuneration                    | -            | 2            |
| Research and development expenditure            | 192          | 38           |

Audit fees for the year were paid on behalf of the company by Pillsbury U.K. Limited, a fellow subsidiary undertaking.

**4. Staff Costs**

(a) Average number of employees

|                                | <u>1995</u>  | <u>1994</u>  |
|--------------------------------|--------------|--------------|
|                                | <u>No.</u>   | <u>No.</u>   |
| Brossard and Memory Lane Cakes | 1,690        | 1,848        |
| Peter's Savoury Products       | 880          | 899          |
| Corporate staff                | 14           | -            |
|                                | <u>2,584</u> | <u>2,747</u> |

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)****(b) Employment costs**

|                                      | <u>1995</u>   | <u>1994</u>   |
|--------------------------------------|---------------|---------------|
|                                      | <u>£'000</u>  | <u>£'000</u>  |
| Employee costs (including directors) |               |               |
| Wages and salaries                   | 28,211        | 27,494        |
| Employers social security costs      | 2,232         | 2,332         |
|                                      | <u>30,443</u> | <u>29,826</u> |

The pension plans are part of those operated by the ultimate parent undertaking. The plans generally are of the defined benefit type, funded by payments to trustee administered funds or insurance companies, details of which are given in the ultimate parent undertaking's accounts. As a result of an actuarial valuation of the pension funds, a surplus over future liabilities has been identified, allowing the company to suspend its contributions and accounting charge for the period.

**5. Directors' Emoluments**

No director has been paid any remuneration during the period, or previous period, for their services as a director of Express Foods Group (International) Limited

The directors were remunerated for their services either as directors or senior executives of Pillsbury U.K. Limited and Grand Metropolitan PLC and, where appropriate, emoluments are disclosed in the financial statements of those companies.

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)****6. Sale of Businesses**

|                         | 1995                       |                                | 1994                       |                                |                              |
|-------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|------------------------------|
|                         | Profit/<br>(loss)<br>£'000 | Provision<br>Utilised<br>£'000 | Profit/<br>(loss)<br>£'000 | Provision<br>Utilised<br>£'000 | Provision<br>Set Up<br>£'000 |
| Discontinued operations | <u>(851)</u>               | <u>851</u>                     | <u>(3,249)</u>             | <u>3,249</u>                   | <u>3,000</u>                 |

The loss on discontinued operations arises from residual costs incurred following the disposal of the Express Foods, Oakland and Eatfresh businesses. The majority of the costs are in respect of vacated properties, redundancies and disposal warranties.

The tax credit on these items amounted to £223,291 (1994 - £648,000).

**7. Net Interest Receivable**

|                                    | 1995<br>£'000   | 1994<br>£'000   |
|------------------------------------|-----------------|-----------------|
| Interest on bank overdrafts        | 90              | 116             |
| Interest on group company loans    | (15,942)        | (10,329)        |
| Interest on all other loans        | 206             | 186             |
| Other external interest receivable | -               | (6)             |
|                                    | <u>(15,646)</u> | <u>(10,033)</u> |

**8. Tax on Profit on Ordinary Activities**

|   | 1995<br>£'000 | 1994<br>£'000 |
|---|---------------|---------------|
| UK corporation tax at 33% (1994- 33%) on the profits for the year | 3,415         | 2,879         |
| Transfer to deferred taxation (see note 15)                       | (19)          | -             |
|   | <u>3,396</u>  | <u>2,879</u>  |



# **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

## **NOTES (continued)**

The taxation charge for the year has been reduced by the effect of accelerated capital allowances of £1,017,000 (1994: £1,260,535) on which deferred tax is not provided.

The charge for UK corporation tax includes amounts which may be paid to other companies in the Grand Metropolitan group in return for the surrender of tax losses.

### **9. Dividends**

|                              | 1995<br>£'000 | 1994<br>£'000 |
|------------------------------|---------------|---------------|
| Preference Shares - Proposed |               |               |
| current year                 | 113           | 113           |
| arrears                      | -             | 337           |
|                              | <u>113</u>    | <u>450</u>    |

### **10. Fixed Assets - Tangible Assets**

|                                 | Land and<br>buildings<br>£'000 | Plant and<br>machinery<br>£'000 | Fixtures<br>and<br>fittings<br>£'000 | Assets in<br>course of<br>construction<br>£'000 | Total<br>£'000 |
|---------------------------------|--------------------------------|---------------------------------|--------------------------------------|---|----------------|
| <b><u>Cost or valuation</u></b> |                                |                                 |                                      |   |                |
| At beginning of year            | 19,822                         | 28,814                          | 835                                  | 430   | 49,901         |
| Additions                       | 330                            | 1,237                           | 23                                   | 2,429   | 4,019          |
| Disposals                       | -                              | (62)                            | (30)                                 | -   | (92)           |
| Transfers                       | -                              | (83)                            | 85                                   | (2)   | -              |
| At end of year                  | <u>20,152</u>                  | <u>29,906</u>                   | <u>913</u>                           | <u>2,857</u>                                    | <u>53,828</u>  |
| <b><u>Depreciation</u></b>      |                                |                                 |                                      |   |                |
| At beginning of year            | 1,424                          | 10,130                          | 327                                  | -   | 11,881         |
| Charge for year                 | 366                            | 2,541                           | 179                                  | 49  | 3,135          |
| Disposals                       | -                              | (48)                            | (30)                                 | -   | (78)           |
| At end of year                  | <u>1,790</u>                   | <u>12,623</u>                   | <u>476</u>                           | <u>49</u>                                       | <u>14,938</u>  |
| <b><u>Net book value</u></b>    |                                |                                 |                                      |   |                |
| At 30 September 1994            | <u>18,398</u>                  | <u>18,684</u>                   | <u>508</u>                           | <u>430</u>                                      | <u>38,020</u>  |
| At 30 September 1995            | <u>18,362</u>                  | <u>17,283</u>                   | <u>437</u>                           | <u>2,808</u>                                    | <u>38,890</u>  |

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)**

- (i) The net book value of land and buildings is entirely freehold property. Included in the net book value of freehold properties is £4,139,000 (1994 - £4,139,000) in respect of land on which no depreciation is charged.
- (ii) Included in the net book value of tangible assets is £115,000 (1994 : £147,000) in respect of assets acquired under finance leases. Depreciation for the period on these assets was £32,000 (1994 : £32,000).

**11. Fixed Assets - Investments**

|   | Subsidiary<br>Undertakings<br>£'000 |
|---|-------------------------------------|
| <b><u>Shares at cost (unlisted)</u></b> |                                     |
| At beginning and end of year            | 128,489                             |
| <b><u>Provisions</u></b>                |                                     |
| At beginning and end of year            | 122,509                             |
| <b><u>Total</u></b>                     |                                     |
| At 30 September 1995                    | 5,980                               |
| At 30 September 1994                    | 5,980                               |

The company's principal subsidiary undertakings are as follows:

| <u>Subsidiary<br/>undertaking</u>    | <u>Country of<br/>registration</u> | <u>Principal<br/>activity</u> | <u>Class and percentage<br/>of shares held</u>                        |
|--------------------------------------|------------------------------------|-------------------------------|---|
| Spiers and Pond Limited              | England                            | Investment company            | 2,131,028 ordinary shares of 25p each - 100% directly                 |
|                                      |                                    |                               | 509,807 4.55% cumulative preference shares of £1 each - 100% directly |
| PSP (Sales and Distribution) Limited | England                            | Investment company            | 8,079,999 ordinary shares of 10p each - 100% directly                 |
|                                      |                                    |                               | 7,070,000 'A' ordinary non-voting shares of 10p each - 100% directly  |

In the opinion of the directors, the investment in and amounts due from the company's subsidiaries are worth at least the amount at which they are stated in the financial statements.

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)****12. Stocks**

|                                     | 1995<br>£'000 | 1994<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | 4,973         | 4,353         |
| Work in progress                    | 86            | 57            |
| Finished goods and goods for resale | 3,421         | 4,355         |
|                                     | <u>8,480</u>  | <u>8,765</u>  |

**13. Debtors**

|   | 1995                               |                                   |                | 1994                               |                                   |                |
|---|------------------------------------|-----------------------------------|----------------|------------------------------------|-----------------------------------|----------------|
|   | Due<br>within<br>one year<br>£'000 | Due<br>after<br>one year<br>£'000 | Total<br>£'000 | Due<br>within<br>one year<br>£'000 | Due<br>after<br>one year<br>£'000 | Total<br>£'000 |
| Trade debtors   | -                                  | -                                 | -              | -                                  | -                                 | -              |
| Amounts owed by<br>holding company and<br>fellow subsidiary<br>undertakings | 262,472                            | -                                 | 262,472        | 276,574                            | -                                 | 276,574        |
| Other debtors   | 8,073                              | -                                 | 8,073          | 2,138                              | 5,786                             | 7,924          |
| Other prepayments<br>and accrued income                                     | 368                                | -                                 | 368            | 385                                | -                                 | 385            |
| Group relief<br>receivable  | -                                  | -                                 | -              | 1,021                              | -                                 | 1,021          |
| Deferred taxation (see<br>note 15)  | 61                                 | -                                 | 61             | 42                                 | -                                 | 42             |
|   | <u>270,974</u>                     | <u>-</u>                          | <u>270,974</u> | <u>280,160</u>                     | <u>5,786</u>                      | <u>285,946</u> |

The UK trade debtors ledger is factored without recourse through Grand Metropolitan Finance Ireland, a fellow subsidiary undertaking. Accordingly, trade debtors are included within amounts owed by the holding company and fellow subsidiary undertakings. In 1994 £10,864,000 was shown separately in trade debtors. There has been no change in the arrangements and the comparatives have been restated in accordance with the disclosure in 1995.

# EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED

## NOTES (continued)

### 14. Creditors

|  | 1995                               |                                   | 1994                               |                                   |
|--|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
|  | Due<br>within<br>one year<br>£'000 | Due<br>after<br>one year<br>£'000 | Due<br>within<br>one year<br>£'000 | Due<br>after<br>one year<br>£'000 |
| Bank loans and overdrafts                          | 3,483                              | 24                                | 23,928                             | 3,149                             |
| Trade creditors                                    | 6,914                              | -                                 | 6,307                              | -                                 |
| Amounts owed to group undertakings:                |                                    |                                   |                                    |                                   |
| Subsidiary undertakings                            | 10,125                             | -                                 | 10,125                             | -                                 |
| Holding company and fellow subsidiary undertakings | 51,791                             | -                                 | 52,525                             | -                                 |
| Corporate taxation                                 | 1,501                              | -                                 | 2,973                              | -                                 |
| Other taxation including social security           | 385                                | -                                 | 524                                | -                                 |
| Finance lease obligations                          | 6                                  | -                                 | 9                                  | 6                                 |
| Other creditors                                    | 2,325                              | 891                               | 1,494                              | 862                               |
| Proposed dividend                                  | 563                                | -                                 | 450                                | -                                 |
| Accruals and deferred income                       | 8,419                              | -                                 | 4,450                              | -                                 |
|  | <u>85,512</u>                      | <u>915</u>                        | <u>102,785</u>                     | <u>4,017</u>                      |

|                                       | 1995<br>£'000 | 1994<br>£'000 |
|---------------------------------------|---------------|---------------|
| Analysis of bank loans and overdrafts |               |               |
| Repayable - 1 to 2 years              | 24            | 13            |
| - 2 to 5 years                        | -             | 3,136         |
| Due after one year                    | <u>24</u>     | <u>3,149</u>  |
| Due within one year                   | <u>3,483</u>  | <u>23,928</u> |
|                                       | <u>3,507</u>  | <u>27,077</u> |

Loans due after one year are repayable in instalments and bear variable interest rates. All loans are unsecured.

The bank overdrafts are unsecured.

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)****15. Deferred taxation**

|   | 1995<br>£'000 | 1994<br>£'000 |
|---|---------------|---------------|
| <b><u>Provided</u></b>                              |               |               |
| Short term timing differences at beginning of year  | 42            | 42            |
| Transfers from profit and loss account (see note 8) | 19            | -             |
|   | <hr/>         | <hr/>         |
| Total deferred tax asset (see note 13)              | <u>61</u>     | <u>42</u>     |
| <b><u>Not provided</u></b>                          |               |               |
| Accelerated capital allowances (at 33%)             | <u>4,990</u>  | <u>3,973</u>  |

No net reversal of the accelerated capital allowances position is anticipated in the foreseeable future.

**16. Provisions for Liabilities and Charges**

|                      | 1995<br>£'000 |
|----------------------|---------------|
| At beginning of year | 10,344        |
| Utilised             | (1,198)       |
|                      | <hr/>         |
| At end of year       | <u>9,146</u>  |

Provisions are those set up on disposal of the Express Foods, Oakland and Eatfresh businesses in prior periods and are principally to cover future liabilities in respect of redundant properties and potential disposal warranty claims.

**17. Called Up Share Capital**

|                                   | Authorised<br>1995 & 1994<br>No | Allotted, called up and fully paid |               |            |               |
|-----------------------------------|---------------------------------|------------------------------------|---------------|------------|---------------|
|                                   |                                 | 1995<br>No                         | 1995<br>£'000 | 1994<br>No | 1994<br>£'000 |
| Ordinary shares of 25p each       | 800,000                         | 800,000                            | 200           | 800,000    | 200           |
| 'A' Ordinary shares of 25p each   | 53,800,000                      | 52,918,181                         | 13,229        | 52,918,181 | 13,229        |
| 7% Cum.Pref shares of £1 each     | 100,000                         | 100,000                            | 100           | 100,000    | 100           |
| 7% 'A' Cum.Pref shares of £1 each | 1,000,000                       | 902,601                            | 903           | 902,601    | 903           |
| 6% Cum.Pref shares of £1 each     | 200,000                         | 200,000                            | 200           | 200,000    | 200           |
| 6% 'A' Cum.Pref shares of £1 each | 550,000                         | 507,110                            | 507           | 507,110    | 507           |
|                                   | <hr/>                           | <hr/>                              | <hr/>         | <hr/>      | <hr/>         |
|                                   |                                 |                                    | 15,139        |            | 15,139        |
|                                   |                                 |                                    | <hr/>         |            | <hr/>         |
| Total equity share capital        |                                 |                                    | 13,429        |            | 13,429        |
| Total non-equity share capital    |                                 |                                    | 1,710         |            | 1,710         |
|                                   |                                 |                                    | <hr/>         |            | <hr/>         |
|                                   |                                 |                                    | 15,139        |            | 15,139        |

**EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED****NOTES (continued)**

None of the preference stock is redeemable.

The arrears in dividends for the cumulative preference shares amounts to £nil (1994 - £nil).

**18. Reserves**

|                          | Share<br>premium<br>£'000 | Goodwill<br>written-off<br>£'000 | Profit and<br>loss account<br>£'000 | Total<br>£'000 |
|--------------------------|---------------------------|----------------------------------|-------------------------------------|----------------|
| At beginning of year     | 772                       | 2,937                            | 202,866                             | 206,575        |
| Retained profit for year | -                         | -                                | 9,374                               | 9,374          |
| At end of year           | <u>772</u>                | <u>2,937</u>                     | <u>212,240</u>                      | <u>215,949</u> |

**19. Guarantees**

The company has performance guarantees amounting to £3,705,000 (1994 - £2,550,000), other guarantees of £1,155,000 (1994 - £300,000) and other contingent liabilities of nil (1994 - £8,543,000).

**20. Capital Commitments**

Capital expenditure authorised and commitments not provided for in these financial statements are estimated at:

|                              | 1995<br>£'000 | 1994<br>£'000 |
|------------------------------|---------------|---------------|
| Committed                    | <u>76</u>     | <u>Nil</u>    |
| Authorised but not committed | <u>1,171</u>  | <u>150</u>    |

**21. Operating Lease Commitments**

At 30 September 1995, the company had annual commitments not provided for under operating leases as follows:

|  | 1995                           |                | 1994                           |                |
|--|--------------------------------|----------------|--------------------------------|----------------|
|  | Land and<br>buildings<br>£'000 | Other<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>£'000 |
| Payments due within 1 year for<br>leases which expire: |                                |                |                                |                |
| Within one year  | 29                             | 566            | 137                            | 362            |
| Between two to five years                              | -                              | 2,016          | 29                             | 2,270          |
| Over five years  | 451                            | 59             | 462                            | 71             |
|  | <u>480</u>                     | <u>2,641</u>   | <u>628</u>                     | <u>2,703</u>   |

## **EXPRESS FOODS GROUP (INTERNATIONAL) LIMITED**

### **NOTES (continued)**

22. **Immediate and Ultimate Parent Undertaking**

The immediate parent undertaking is GrandMet Foods (UK) Limited (formerly Grand Metropolitan Foods Europe Limited), a company registered in England. The ultimate parent undertaking is Grand Metropolitan PLC, a company registered in England. Group accounts for this parent undertaking can be obtained from:

Grand Metropolitan PLC,  
8 Henrietta Place  
London W1M 9AG