

COMPANY REGISTRATION

NUMBER: 24168

JOHN MORRELL & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1990

Edison Arnold & Powell



JOHN MORRELL & COMPANY LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 1990

The directors present their report and audited accounts of the company for the year ended 31 December 1990.

Principal activities and business review

The principal activities of the company continued to be the manufacture and distribution of foodstuffs.

Results and dividends

Details of the results for the year are shown in the profit and loss account and the notes relating to it.

The directors do not recommend the payment of a dividend for the year.

Directors

The directors who have served during the year and details of their shareholdings and family interests as defined by the Companies Act 1985 in the ultimate parent undertaking are as follows:-

	Hillsdown Holdings plc	
	10p Ordinary Shares	
	31/12/90	1/1/90
B T Hunt	1,387	1,387
E T S Simpson	15,246	15,246

Neither of the directors had any beneficial interest in the company's shares as at the balance sheet date.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 8 to the accounts.

JOHN MORRELL & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)
for the year ended 31 December 1990

Disabled persons

The company gives full and fair consideration to employment applications from disabled persons, having regard to their particular aptitudes and abilities. If a person becomes disabled whilst in employment, the company takes all reasonable steps to ensure that his or her employment continues. So far as possible, the training, career development and promotion of a disabled person will be the same as that of a person who has no disability.

Close company

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

The present auditors, Messrs Jayson Arnold & Fowell have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting that they be re-appointed as auditors for the ensuing year.

On behalf of the board

B T Hunt

Secretary

12 March 1991

Jayson Arnold & Fowell

JOHN MORRELL & COMPANY LIMITED

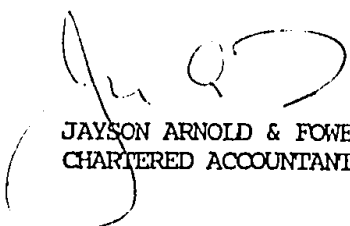
AUDITORS' REPORT

To the members of John Morrell & Company Limited

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 1990 and of the result and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

12 March 1991


JAYSON ARNOLD & FOWELL
CHARTERED ACCOUNTANTS

JOHN MORRELL & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1990

	Note	£	1989 £
Turnover	2	13,143,057	10,658,921
Cost of sales		(11,565,803)	(9,654,615)
Gross profit		1,577,254	1,004,306
Distribution costs		(601,223)	(320,023)
Administrative expenses		(758,611)	(533,612)
Operating profit		217,420	150,671
Interest payable	5	(25,374)	(12,451)
Profit on ordinary activities before tax	6	192,046	138,220
Taxation	7	-	-
Profit on ordinary activities after tax	16	192,046	138,220

JOHN MORRELL & COMPANY LIMITED

BALANCE SHEET
as at 31 December 1990

	Note	£	£	1989 £
Fixed assets				
Tangible assets	8	1,965,552		2,112,825
Investments	9	31,002		31,002
		<u>1,996,554</u>		<u>2,143,827</u>
Current assets				
Stocks	11	1,324,250	1,632,721	
Debtors	12	1,914,882	561,960	
Cash in hand and at bank		822	3,698	
		<u>3,239,954</u>	<u>2,198,379</u>	
Creditors: amounts falling due within one year	13	2,938,220	2,235,964	
		<u></u>	<u></u>	
Net current assets/ (liabilities)		301,743		(37,585)
		<u></u>		<u></u>
Net assets		2,298,288		2,106,242
		<u></u>		<u></u>
Representing:				
Capital and reserves				
Called up share capital	15	1,767,800	1,767,800	
Revaluation reserve		92,925	92,925	
Profit and loss account	16	437,563	245,517	
		<u></u>	<u></u>	
Shareholders' funds		2,298,288		2,106,242
		<u></u>		<u></u>

Signed on behalf of the board of directors
who approved the accounts on 12 March 1991

E T S Simpson)

B T Hunt)

Directors

JOHN MORRELL & COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT
for the year ended 31 December 1990

	Note	£	£	£	1989 £
Source of funds					
Generated from operations	1		444,575		363,322
Proceeds of sale of fixed assets			-		1,500
Total source of funds			444,575		364,822
Application of funds					
Increase in working capital	2	342,195		148,740	
Purchase of fixed assets		105,256		210,475	
Total applications			(447,451)		(359,215)
			(2,876)		5,607
Representing:					
Movement in liquid funds					
(Decrease)/Increase in cash at bank and in hand			(2,876)		3,698
Decrease in bank overdraft			-		1,909
			(2,876)		5,607

JOHN MORRELL & COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT (continued)
for the year ended 31 December 1990

Notes

	£	1989 £
1 Total generated from operations		
Profit before taxation	192,046	138,220
Depreciation	252,529	225,532
Profit on disposal of fixed assets	-	(430)
	<hr/>	<hr/>
	444,575	363,322
	<hr/>	<hr/>
2 Increase in working capital		
(Decrease)/Increase in stocks	(308,471)	202,556
Increase in debtors	1,352,922	65,214
Decrease in creditors	45,039	51,632
(Increase) in group creditors	(771,370)	(212,373)
Decrease in obligations under finance leases	24,075	41,711
	<hr/>	<hr/>
	342,195	148,740
	<hr/>	<hr/>

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 1990

1. Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with relevant accounting standards.

Consolidated financial statements

Consolidated financial statements accounts have not been prepared as the company is itself a wholly owned subsidiary.

Turnover

Turnover is the value of sales, excluding value added tax, of goods supplied and services rendered.

Stocks

Stocks have been valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow moving stocks. Cost is actual invoice price together with freight and duty where appropriate. Canned and processed foods are valued at manufacturing cost which includes an appropriate proportion of manufacturing overheads.

Depreciation

Freehold land is not depreciated. Freehold buildings are depreciated over their estimated useful lives at a rate sufficient to reduce them to their estimated residual value. When properties are revalued, the depreciation thereafter provided is based on revalued depreciable amounts.

Rates of depreciation in use by the company write off:

Freehold buildings	5% per annum on net book amounts
Leasehold property	amortised over the remainder of the lease
Plant, machinery, fixtures and fittings	12.5% per annum
Motor cars	25% per annum
Motor lorries	20% per annum

Leasing

Fixed assets held under finance leases have been capitalised.

Deferred tax

Provision is not made for deferred tax where liability is not expected to arise in the foreseeable future.

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 1990

2 Turnover

An analysis of turnover by geographical market is as below:

	1990	1989
	£	£
United Kingdom	13,143,057	10,544,921
Europe	-	114,000
	<hr/>	<hr/>
	13,143,057	10,658,921
	<hr/>	<hr/>

3 Staff costs and numbers

	1990	1989
	£	£
Wages and salaries	1,655,572	1,450,056
Social security costs	140,174	125,556
Other pension costs	1,875	(26,186)
	<hr/>	<hr/>
	1,797,621	1,549,426
	<hr/>	<hr/>

The average weekly number of persons employed by the company during the year was:

	Number	Number
Production and distribution	156	122
Marketing sales and general administration	6	24
	<hr/>	<hr/>
	162	146
	<hr/>	<hr/>

The Company is a member of a group scheme, the HF Meat and Foods Processing Pension Scheme. The Scheme funds are administered by trustees and are independent of the Company's finances. The method of accounting for pension costs complies with the accounting standard on pensions (SSAP24).

Contributions are based on pension costs across the group as a whole, with the pension costs for 1990 being £1,875 (1989: (£26,186)), which has been assessed in accordance with the advice of a qualified actuary using the Projected Unit Method. An Actuarial review of the Scheme was made at 31 March 1990 with the principal actuarial assumptions being that salaries would increase at 2.5% more than price inflation and that dividends would increase at 1.5% less than the rate of salary growth. Full allowance was made for pensions in payment to increase as required by statute and in accordance with the rules of the scheme and also to reflect the past established practice within the Company.

Particulars of the actuarial valuation of the HF Meat and Foods Processing Pension Scheme are available from the financial statements of FMC (Meat) Limited.

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 1990

4 Directors' emoluments

The directors did not receive emoluments during the year.

5 Interest payable	1990	1989
	£	£
On bank loans and overdrafts	166	-
On other loans repayable within five years	17,500	-
Finance charges on finance leases	7,708	12,451
	<hr/>	<hr/>
	25,374	12,451
	<hr/>	<hr/>

6 Profit on ordinary activities before tax

The profit before tax is arrived at after charging:

	1990	1989
	£	£
Directors' emoluments (note 4)	Nil	Nil
Depreciation	252,529	225,532
Auditors' remuneration	3,000	2,430
Plant hire	162,131	141,359
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7 Taxation

No tax is payable in respect of the result for the year (1989: Nil) in view of losses available.

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 1990

8	Tangible fixed assets	Freehold land & buildings £	Plant, machinery & vehicles £	Total £
	Cost or valuation			
	At 1 January 1990	1,243,445	2,574,432	3,817,877
	Additions	17,364	87,892	105,256
	Disposals	-	-	-
		<hr/>	<hr/>	<hr/>
	At 31 December 1990	1,260,809	2,662,324	3,923,133
		<hr/>	<hr/>	<hr/>
	At valuation 1987	1,200,000	-	1,200,000
	At cost	60,809	2,662,324	2,723,133
		<hr/>	<hr/>	<hr/>
		1,260,809	2,662,324	3,923,133
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1 January 1990	42,257	1,662,795	1,705,052
	Charge for year	22,146	230,383	252,529
	Disposals	-	-	-
		<hr/>	<hr/>	<hr/>
	At 31 December 1990	64,403	1,893,178	1,957,581
		<hr/>	<hr/>	<hr/>
	Net book value			
	At 31 December 1990	1,196,406	769,146	1,965,552
		<hr/>	<hr/>	<hr/>
	At 31 December 1989	1,201,188	911,637	2,112,825
		<hr/>	<hr/>	<hr/>

The freehold properties included at valuation were professionally valued by Fellows of the Royal Institute of Chartered Surveyors at open market value on a current use basis.

In view of group policy to claim roll over relief on capital gains arising, the directors do not consider any tax liability is likely to arise if the property were sold for the value stated in the accounts.

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 1990

9	Fixed asset investments	1990 £	1989 £
	Investments in subsidiaries (note 10) shares at cost	31,002	31,002
10	Subsidiary companies		
	The company's wholly owned subsidiaries are the Victoria Cold Storage Company Limited and Spring Food Products Limited, both of which are incorporated in England and are dormant.		
11	Stocks	1990 £	1989 £
	Raw materials	294,320	302,674
	Finished goods and work in progress	1,029,930	1,330,047
		1,324,250	1,632,721
12	Debtors	1990 £	1989 £
	Trade debtors	1,808,834	408,846
	Other debtors and prepayments	32,399	99,776
		1,841,233	508,622
	Amounts due after more than one year	73,649	53,338
		1,914,882	561,960
13	Creditors: amounts falling due within one year	1990 £	1989 £
	Trade creditors	1,171,798	1,358,716
	Amounts owed to fellow subsidiaries	31,002	31,002
	Amount owed to intermediate holding company	26,215	26,215
	Amount owed to holding company	1,077,259	305,889
	Taxation and social security costs	26,875	33,144
	Other creditors and accruals	605,071	480,998
		2,938,220	2,235,964

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 1990

14 Deferred taxation

Deferred taxation is not provided as no liability is expected to arise in the foreseeable future. The potential liability for deferred taxation on accelerated capital allowances will be offset by losses available for carry forward.

15 Share capital

Authorised, allotted and fully paid

	1990	1989
	£	£
750,000 ordinary shares of £1 each	750,000	750,000
400,000 "A" 11% convertible cumulative redeemable participating preference shares of £1 each	400,000	400,000
400,000 "B" 11% convertible cumulative redeemable participating preference shares of £1 each	400,000	400,000
217,800 deferred shares of £1 each	217,800	217,800
	<hr/>	<hr/>
	1,767,800	1,767,800
	<hr/>	<hr/>

16 Profit and loss account

	1990	1989
	£	£
Balance brought forward	245,517	107,297
Movements in year		
Profit for year	192,046	138,220
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Balance carried forward	437,563	245,517
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17 Ultimate parent undertaking

The company's ultimate parent undertaking Hillsgdown Holdings plc, a company incorporated in England