

JOHN MORRELL & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1996



**DIRECTORS' REPORT
for the year ended 31 December 1996**

The directors present their report and audited financial statements of the company for the year ended 31 December 1996.

Principal activities and business review

The company has not traded in the year. During the year the company's subsidiaries were struck off the register.

Dividends

A dividend of £861,201 was paid 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	
	31/12/96	1/1/96
B T Hunt	1,733	1,733
E T S Simpson	26,020	25,019

None of the directors had any beneficial interest in the company's shares. On 1 April 1997 B T Hunt resigned as a director and J E Nichols was appointed a director.

Directors' statement of responsibilities

The directors are required to present financial statements for each accounting period, which give a true and fair view of the state of affairs of the company as at the end of the period and of the profit and loss for that period and which comply with the provisions of the Companies Act 1985. In preparing the financial statements, the directors are required to apply suitable accounting policies consistently and to make reasonable and prudent judgements and estimates. The financial statements have to be prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy, the financial position of the company at anytime. They are responsible for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

JOHN MORRELL & COMPANY LIMITED

**REPORT OF THE DIRECTORS - (continued)
for the year ended 31 December 1996**

Auditors

Jayson Newman have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the board



S P Mackee

Secretary

29 May 1997

Jayson Newman

**AUDITORS' REPORT TO THE MEMBERS OF
JOHN MORRELL & COMPANY LIMITED**

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

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

Basis of opinion

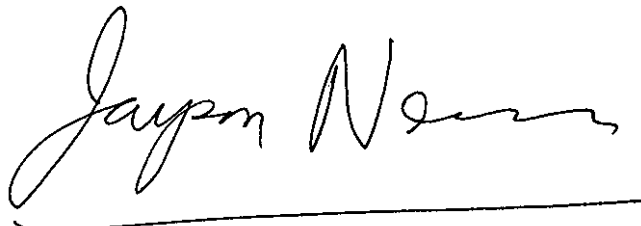
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances and are 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 misstatements, 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 December 1996 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jayson Newman
Chartered Accountants
Registered Auditor
48 Portland Place
London W1N 4AJ



29 May 1997

JOHN MORRELL & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

	1996 £	1995 £
Dividend paid	<u>(861,201)</u>	<u>-</u>
Deficit for year	(861,201)	-
Balance brought forward	<u>861,201</u>	<u>861,201</u>
Balance carried forward	<u>-</u>	<u>861,201</u>

Jayson Newman

JOHN MORRELL & COMPANY LIMITED

BALANCE SHEET as at 31 December 1996

	Note	£	£	£	1995 £
FIXED ASSETS					
Investments	2		-		31,002
CURRENT ASSETS					
Debtors	3	1,794,015		2,624,214	
CREDITORS: Amounts falling due within one year	4	<u>26,215</u>		<u>26,215</u>	
NET CURRENT ASSETS			<u>1,767,800</u>		<u>2,597,999</u>
NET ASSETS			<u><u>1,767,800</u></u>		<u><u>2,629,001</u></u>
Representing:					
CAPITAL AND RESERVES					
Called up share capital	5		1,767,800		1,767,800
Profit and loss account			-		<u>861,201</u>
SHAREHOLDERS' FUNDS	6		<u><u>1,767,800</u></u>		<u><u>2,629,001</u></u>

Signed on behalf of the board of directors
who approved the accounts on 29 May 1997


J E Nichols

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with relevant accounting standards.

Related party transactions

The company is a wholly owned subsidiary and has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to disclose transactions with other group companies which are eliminated on consolidation.

2. FIXED ASSET INVESTMENTS

£

Investments in subsidiaries at cost

At 1 January 1996

31,002

Disposals

(31,002)

At 31 December 1996

-

3. DEBTORS

1996

1995

£

£

Amounts due from group undertakings

1,794,015

2,624,214

4. CREDITORS: Amounts falling due within one year

£

£

Amounts owed to group undertakings

26,215

26,215

JOHN MORRELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996

5. SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted and fully paid		
750,000 ordinary shares of £1 each	750,000	750,000
400,000 "A" 11% convertible cumulative reemable 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
	<u>1,767,800</u>	<u>1,767,800</u>

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1996 £	1995 £
Dividends	(861,201)	-
Balance brought forward	<u>2,629,001</u>	<u>2,629,001</u>
Balance carried forward	<u>1,767,800</u>	<u>2,629,001</u>

7. PARENT COMPANIES AND CONTROLLING PARTIES

The immediate parent company and controlling party is Hillsgdown Ambient Foods Group Limited a company incorporated in England and Wales.

The company's ultimate parent company and controlling party is Hillsgdown Holdings plc, a company incorporated in England and Wales.

The only undertaking in which the company's financial statements are consolidated is Hillsgdown Holdings plc. Copies of the financial statements of Hillsgdown Holdings plc can be obtained from Hillsgdown House, 32 Hampstead High Street, London, NW3 1QD.