

**NESTLÉ UK LTD**

**REPORT AND ACCOUNTS**

**31 DECEMBER, 1993**

Registered Nos. 51491 (Cardiff)  
NF 00340 (Belfast)



•A1Q2R1K1•

A13 RECEIPT DATE:26/05/94

**NESTLÉ UK LTD****Report of the Directors for the year ended 31st December 1993****BUSINESS REVIEW**

The Company is the principal trading company of the Nestlé Group in the U.K engaged in the manufacture and sale of food and drink products. 1993 was a satisfactory year for the Company, despite difficult trading conditions.

Changes involving a new distribution centre at Bardon are being made to the Company's distribution system.

The Company completed the disposal of its factory at Grimsby and sold its factory at Glasgow thus preserving a number of jobs.

Since the year end, the Company's pension funds have been merged. In February 1994, the Company announced a major review of its activities.

**DIVIDEND**

An interim dividend of £100,000,000 was declared on 4th June 1993. The Directors do not recommend payment of a final dividend.

**RESERVES**

The retained loss of £55,700,000 is to be transferred from Reserves.

**RESEARCH & DEVELOPMENT**

These activities are undertaken for the Nestlé Group by fellow subsidiaries of the ultimate holding company.

**FIXED ASSETS**

Movements on fixed assets are set out in Note 12 to the accounts.

**DIRECTORS**

Messrs. P.H. Blackburn, Chairman & Managing Director, and A.D. Koutaissoff were Directors throughout the period. On 1st May 1993 Messrs. R.R. Baker, D.F. Harris, G. Millar, A. Revell and R.C.H. Webb were appointed Directors and J.R. Strachan resigned. Messrs. Harris and Webb acted as alternate Directors to Messrs. Strachan and Blackburn respectively until 1st May 1993.

Mr R. C. H. Webb resigned as a Director on 1st April 1994.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare accounts 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 accounts the Directors are required to:

- select suitable accounting policies and 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 accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 accounts 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.

**NESTLÉ UK LTD****Report of the Directors for the year ended 31st December 1993****EMPLOYEES**

The Company recognises the benefits of keeping employees informed of the progress of the business. During the period employees were provided regularly with information regarding the development of the business through management briefings and employee reports. Regular consultations took place with employees and their representatives, providing the opportunity for them to express their views on matters that were likely to affect their interests.

Health and safety matters are given special attention. Where practicable, consideration is given to the employment of disabled persons, employees who become disabled are retained through redeployment and retraining, and disabled employees are given training to seek to enable them to qualify for the same career opportunities as those who are not.

**ENVIRONMENT**

The Company seeks to develop business practices and behaviour which meet the highest standards of responsibility towards the environment. It sees conservation and development as mutually reinforcing each other in pursuit of sustainable growth. The business provides high-quality products which benefit the consumer while remaining good value for money. The Company seeks to go beyond mere compliance with the law, which it willingly embraces, to achieve, in particular, savings of energy and resources, and the reduction of waste and effluent in all its forms. The Company wishes to be a good neighbour in all those communities within which it operates and encourages its employees to be active ambassadors of good environmental practice.

**AUDITORS**

The Auditors, KPMG Peat Marwick, will continue in office. The Company has dispensed with the obligation to appoint auditors annually, in accordance with Section 386 of the Companies Act 1985.

**ELECTIVE REGIME**

The Company has elected to dispense with the laying of accounts and reports before a General Meeting and with the holding of Annual General Meetings, in accordance with Sections 252 and 366(A) respectively of the Companies Act 1985.

BY ORDER OF THE BOARD



R.P.J. Sonneborn  
Secretary

St. George's House  
Croydon, CR9 1NR

20th May 1994

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**NESTLÉ UK LTD**

We have audited the accounts on pages 4 to 22.

**Respective responsibilities of directors and auditors**

As described on page 1 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit of those accounts 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 an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31st December 1993, and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

KPMG PEAT MARWICK  
Chartered Accountants  
Registered Auditors

LONDON

20th May, 1994

NESTLÉ UK LTDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER, 1993

	<u>Note</u>	<u>1993</u> £m	<u>1992</u> £m
Turnover	2	1,700.2	1,636.2
Cost of sales	4	<u>(1,211.0)</u>	<u>(1,166.2)</u>
Gross profit		489.2	470.0
Distribution costs	4	<u>(247.0)</u>	<u>(242.5)</u>
Administrative expenses	4	<u>(95.5)</u>	<u>(100.5)</u>
Operating profit		146.7	127.0
Income from shares in group undertakings		-	675.2
Other interest receivable and similar income	5	3.5	16.8
Interest payable and similar charges	6	<u>(98.3)</u>	<u>(15.9)</u>
Share of losses of joint venture		<u>(4.6)</u>	<u>(0.8)</u>
Profit on ordinary activities before taxation	7	47.3	802.3
Tax on profit on ordinary activities	10	<u>(3.0)</u>	<u>(30.0)</u>
Profit on ordinary activities after taxation		44.3	772.3
Dividends paid and proposed	11	<u>(100.0)</u>	<u>(200.0)</u>
Retained (loss)/profit for the year	22	<u>(55.7)</u>	<u>572.3</u>

All turnover and operating profit arose from continuing activities.

The notes on pages 7 to 22 form part of these accounts.

## NESTLÉ UK LTD

BALANCE SHEET AT 31ST DECEMBER, 1993

	Note	<u>1993</u> £m	<u>1993</u> £m	<u>1992</u> £m Restated	<u>1992</u> £m Restated
<b>Fixed assets</b>					
Tangible assets	12		643.2		608.7
Investments	13		0.9		9.9
<b>Current assets</b>					
Stocks	16	194.7		193.1	
Debtors	17	217.6		221.4	
Cash at bank and in hand		<u>2.5</u>		<u>205.1</u>	
		414.8		619.6	
Creditors: amounts falling due within one year	18	<u>(772.6)</u>		<u>(931.1)</u>	
<b>Net current liabilities</b>			<u>(357.8)</u>		<u>(311.5)</u>
<b>Total assets less current liabilities</b>			286.3		307.1
Creditors: amount falling due after more than one year	19	(851.7)		(818.6)	
Provision for liabilities and charges	20	<u>(1.8)</u>		<u>-</u>	
			<u>(853.5)</u>		<u>(818.6)</u>
			<u>(567.2)</u>		<u>(511.5)</u>
<b>Capital and reserves:</b>					
Called up share capital	21		120.4		120.4
Share premium account	22		71.0		71.0
Goodwill write-off reserve	22		(1,066.3)		(1,094.8)
Profit and loss account	22		<u>307.7</u>		<u>391.9</u>
			<u>(567.2)</u>		<u>(511.5)</u>

The notes on pages 7 to 22 form part of these accounts.

  
R.R. BAKER  
Director

Approved by the Board on 20th May, 1994

NESTLÉ UK LTDStatement of Recognised Gains and Losses for the year ended 31 December 1993

	<u>1993</u> £m	<u>1992</u> £m
Profit for the financial year	44.3	772.3
Dividends paid	<u>(100.0)</u>	<u>(200.0)</u>
Total recognised (losses)/gains for the financial year	(55.7)	572.3
Prior period adjustment (see note 22)	<u>(2.2)</u>	-
Total recognised (losses)/gains recognised since last annual report	<u>(57.9)</u>	<u>572.3</u>

Note of Historical Cost Profit and Loss for the year ended 31 December 1993

	<u>1993</u> £m	<u>1992</u> £m
Reported and historical cost profit on ordinary activities before taxation	<u>47.3</u>	<u>802.3</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(55.7)</u>	<u>572.3</u>

Reconciliation of Movements in Shareholders Funds for the year ended 31 December 1993

	<u>1993</u> £m	<u>1992</u> £m
Opening shareholders funds	(509.3)	529.1
Prior period adjustment	<u>(2.2)</u>	-
	(511.5)	529.1
Total recognised (losses)/gains for the financial year	(55.7)	572.3
Purchased goodwill eliminated against reserves	<u>-</u>	<u>(1,610.7)</u>
Closing shareholders funds	<u>(567.2)</u>	<u>(509.3)</u>

NESTLÉ UK LTDNOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts:

**Basis of Preparation:**

The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Turnover:**

Turnover represents sales to customers at invoiced amount, excluding VAT and trade discounts on UK sales.

**Depreciation:**

Depreciation is provided to write off the cost of all tangible fixed assets, except freehold and long leasehold land, over their expected useful lives. It is calculated on a straight line basis from the date on which they are brought into use at the following rates:

Freehold Properties	2% - 4%	per annum
Long Leasehold Properties	4%	per annum
Plant and Machinery	7% - 25%	per annum

**Goodwill:**

Purchased goodwill is written off directly to reserves in the period in which the acquisition takes place. Any surplus of net assets acquired over cost of investment is credited to a capital reserve.

The estimated lifetime of goodwill acquired is assessed separately for each acquisition. Transfers are made from the goodwill write off reserve to the profit and loss account over the estimated lifetime of the goodwill.

**Investments:**

Investments are valued at cost or directors' valuation, less any provision for permanent diminution in value.

**Stocks and Work-in-Progress:**

Stocks and work-in-progress are valued at the lower of cost, including attributable overheads, and net realisable value.

**Deferred Taxation:**

Deferred taxation is accounted for in respect of timing differences between the results for taxation purposes and the results in the accounts to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.



NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

1. ACCOUNTING POLICIES (continued)Foreign Currency:

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling at the period end. Any differences are taken to the profit and loss account.

Capital Expenditure Grants:

Amounts receivable in respect of capital expenditure grants for the period are credited to a deferred income account. Provisions for depreciation of fixed assets are based on gross cost but transfers are made from deferred income to the profit and loss account to produce a net charge equivalent to the depreciation of the net costs of the fixed assets after deducting capital expenditure grants.

Raw Materials Futures Contracts:

The futures market is used in order to stabilise the long term price of major raw materials. Profits and losses related to futures contracts are taken in the period in which the raw material is used.

Pension Costs:

These are charged systematically to the profit and loss account over the average remaining future service lives of employees.

Leased Assets:

Where assets are financed by leasing arrangements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and depreciated over the shorter of the expected economic life of the asset and the length of the lease. A corresponding finance lease creditor is set up to reflect the leasing liability.

Lease payments are split between capital and interest components. The interest is charged in the profit and loss account and the capital element reduces the lease creditor.

All other leases are treated as 'operating leases'. Annual rentals are charged to the profit and loss account in the period in which they are incurred.

Cashflow Statement:

As the Company is a subsidiary undertaking of a parent resident in the European Community which publishes, in English, consolidated accounts complying with FRS 1, it is exempt from the requirement to prepare a cashflow statement.

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

2. TURNOVER

The geographical analysis of turnover by destination is as follows:

	<u>1993</u>	<u>1992</u>
	£m	£m
United Kingdom	1,434.9	1,464.7
Exports	<u>265.3</u>	<u>171.5</u>
	<u>1,700.2</u>	<u>1,636.2</u>

In the opinion of the directors the Company operated in only one business segment, the manufacture and sale of food and drink products.

The turnover for 1992 has been adjusted due to a change in accounting policy regarding certain trade discounts. All discounts relate to UK sales only. The reduction of turnover is offset by a corresponding reduction to cost of sales resulting in no change to gross profit.

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year was as follows:

	<u>1993</u>	<u>1992</u>
	Number	Number
Production	14,272	15,388
Administration, distribution and sales	<u>4,536</u>	<u>4,502</u>
	<u>18,808</u>	<u>19,890</u>

The aggregate payroll costs of these persons were as follows:

	<u>1993</u>	<u>1992</u>
	£m	£m
Wages and salaries	301.8	312.8
Social security costs	24.9	22.1
Other pension costs	<u>14.3</u>	<u>13.4</u>
	<u>341.0</u>	<u>348.3</u>

NESTLÉ UK LTD.NOTES TO THE ACCOUNTS

(continued)

4. EXCEPTIONAL ITEMS

	<u>Cost of</u>	<u>1993</u>	<u>Distri-</u>	<u>Total</u>
	<u>Sales</u>	<u>Admin.</u>	<u>bution</u>	
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Provision for factory re-organisation and closure	(1.9)	3.2	5.0	6.3
Restructuring expenses	-	(1.9)	1.6	(0.3)
Rationalisation of frozen food business	(0.2)	-	-	(0.2)
Writedown of obsolete assets	2.5	-	-	2.5
Restructuring Depots	-	-	2.8	2.8
	<u>0.4</u>	<u>1.3</u>	<u>9.4</u>	<u>11.1</u>

	<u>Cost of</u>	<u>1992</u>	<u>Distri-</u>	<u>Total</u>
	<u>Sales</u>	<u>Admin.</u>	<u>bution</u>	
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Write down of investment in joint venture	-	9.4	-	9.4
Provision for factory re-organisation and closure	16.9	-	-	16.9
Restructuring expenses	-	2.8	1.2	4.0
Rationalisation of frozen food business	1.7	-	-	1.7
	<u>18.6</u>	<u>12.2</u>	<u>1.2</u>	<u>32.0</u>

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1993</u>	<u>1992</u>
	<u>£m</u>	<u>£m</u>
On loans to group undertakings	-	2.6
On overdue tax refunds	0.1	0.2
Other interest receivable	<u>3.4</u>	<u>14.0</u>
	<u>3.5</u>	<u>16.8</u>

NESTLÉ UK LTD.NOTES TO THE ACCOUNTS

(continued)

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1993</u>	<u>1992</u>
	£m	£m
On borrowings from group undertakings	79.1	6.3
Finance charges on leases	0.2	0.8
On borrowing repayable within five years otherwise than by instalments	<u>19.0</u>	<u>8.8</u>
	<u>98.3</u>	<u>15.9</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is arrived at after charging the following:

	<u>1993</u>	<u>1992</u>
	£m	£m
Depreciation - Owned Assets	70.8	56.3
- Leased Assets	<u>3.6</u>	<u>3.2</u>
	<u>74.4</u>	<u>59.5</u>
Hire of plant and machinery (including operating lease charges)	1.2	3.4
Other hire charges including operating leases	5.6	7.5
Auditors' remuneration - Audit	0.4	0.4
- Other Services	0.4	0.1
Directors' emoluments (note 8)	1.1	0.6
Loss on disposal of fixed assets	<u>1.8</u>	<u>1.0</u>

8. DIRECTORS' EMOLUMENTS

One director discharged his duties mainly outside the United Kingdom and received no emoluments in respect of services provided to the Company. The emoluments of the remaining directors excluding pension contributions were:

Chairman and highest paid director: £326,316 (1992: £293,145)

NESTLÉ UK LTD.NOTES TO THE ACCOUNTS

(continued)

8. DIRECTORS' EMOLUMENTS (continued)

The emoluments of directors were within the following ranges:

	<u>1993</u> No.	<u>1992</u> No.
£0 - £5,000	-	1
£5,001 - £40,000	-	1
£45,001 - £50,000	-	1
£60,001 - £65,000	1	-
£115,001 - £120,000	3	-
£130,001 - £135,000	1	-
£150,001 - £155,000	-	1
£180,001 - £185,000	1	-
£290,001 - £295,000	-	1
£325,001 - £330,000	1	-

9. DIRECTORS' INTERESTS

Mr. D. F. Harris, who was appointed as a director on 1st May 1993, has an interest free loan from the Company which is repayable by monthly instalments

	<u>Unexpired Term of Loan</u> <u>at 31.12.93</u>	<u>Amount Outstanding</u> <u>at 31.12.93</u> £	<u>On appointment</u> £
D.F. Harris	6 years 9 months	14,800	15,881

The maximum outstanding during the period was the amount outstanding on appointment.

Mr. P.H. Blackburn, who was a director throughout the year, had a notifiable interest in the loan notes of Nestlé Holdings (U.K.) PLC, as follows:

	<u>No. of £1 Loan Notes</u>
at 31st December, 1993 and 1992	6,645

Mr. G. Millar, who was a director throughout the year, had a notifiable interest in the loan notes of Nestlé Holdings (U.K.) PLC as follows.

	<u>No. of £1 Loan Notes</u>
at 31st December, 1992 and 1993	19,250

None of the other directors had any interests recorded in the Statutory Register at 31st December, 1993.

**NESTLÉ UK LTD****NOTES TO THE ACCOUNTS**

(continued)

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge for the year is as follows.

	<u>1993</u>	<u>1992</u>
	£m	£m
U K Corporation Tax at 33% (1992: 33%)	1.1	39.9
Share of tax charge of joint venture	(3.8)	(0.9)
Deferred tax on short term timing differences	5.9	(8.1)
Share of deferred tax charge of joint venture	<u>0.8</u>	<u>(0.9)</u>
	4.0	30.0
Relating to prior years	<u>(1.0)</u>	-
	<u>3.0</u>	<u>30.0</u>

**11. DIVIDENDS**

	<u>1993</u>	<u>1992</u>
	£m	£m
Interim paid	<u>100.0</u>	<u>200.0</u>
Dividend per share	41.5p	83.1p

NESTLÉ UK LTDNOTES TO THE ACCOUNTS  
(continued)12. TANGIBLE FIXED ASSETS

	<u>Land &amp; buildings</u> £'000	<u>Plant &amp; machinery</u> £'000	<u>Payments on account</u> £'000	<u>Total</u> £'000
Cost				
At 31st December 1992	229.7	749.2	4.6	983.5
Prior period adjustment(Note 22)	-	(1.1)	-	(1.1)
As restated after prior period adjustment	229.7	748.1	4.6	982.4
Additions	15.4	103.6	3.8	122.8
Disposals	(2.5)	(39.2)	-	(41.7)
Category transfers	0.3	4.3	(4.6)	-
At 31st December 1993	242.9	816.8	3.8	1,063.5
Depreciation				
At 31st December 1992	23.8	349.9	-	373.7
Charged in year	7.2	67.2	-	74.4
Disposals	(0.4)	(27.4)	-	(27.8)
At 31st December 1993	30.6	389.7	-	420.3
Net book value at 31st December 1993	212.3	427.1	3.8	643.2
Net book value at 31st December 1992(restated)	205.9	398.2	4.6	608.7

The net book value of land and buildings comprises:

	<u>1993</u> £m	<u>1992</u> £m
Freehold	202.7	195.9
Long leasehold	5.6	5.8
Finance leasehold	4.0	4.2
	<u>212.3</u>	<u>205.9</u>

Tangible fixed assets include the following in respect of assets held under finance leases:

	<u>Land &amp; buildings</u> £m	<u>Plant &amp; machinery</u> £m	<u>Payments on account</u> £m	<u>Total</u> £m
Cost	5.6	55.0	-	60.6
Accumulated Depreciation	(1.6)	(47.4)	-	(49.0)
Net book value at 31st December 1993	4.0	7.6	-	11.6
Net book value at 31st December 1992	4.2	11.2	-	15.4

**NESTLÉ UK LTD****NOTES TO THE ACCOUNTS**

(continued)

**13. INVESTMENTS**

	<u>Subsidiary Undertakings</u>	<u>Joint Venture</u>	<u>Total</u>
	£m	£m	£m
Cost or directors valuation at 31st December 1992	7.4	2.8	10.2
Transfers from Provisions (Note 20)	-	1.8	1.8
Liquidation of subsidiary undertakings	(6.4)	-	(6.4)
Share of losses of joint venture	-	(4.6)	(4.6)
Cost of directors valuation at 31st December 1993	1.0	-	1.0
Provisions against investments at 31st December 1992	(0.3)	-	(0.3)
Movement during year	0.2	-	0.2
Provisions against investments at 31st December 1993	(0.1)	-	(0.1)
Net Book Value at 31st December 1993	0.9	-	0.9
Net Book Value at 31st December 1992	7.1	2.8	9.9

**14. SUBSIDIARY UNDERTAKINGS**

No consolidation of the subsidiary undertakings' accounts has been made in the accounts of the Company as it is a wholly-owned subsidiary of a company registered in England and Wales.

At 31st December 1993 the Company had the following principal subsidiary undertakings, all of which are registered in England and Wales:

<u>Name</u>	<u>Proportion of Ordinary Share Capital Owned</u>	<u>Activities</u>
Rowntree Mackintosh Ingredients Limited	100%	Dormant
Rowntree Mackintosh International Limited	100%	Dormant
Raw Products Limited	75%	Agency



NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

**15. JOINT VENTURE**

The Company has a 50% interest in Cereal Partners U.K., a joint venture with a partnership between General Mills Canada Inc. and General Mills Products Corp., trading as General Mills North America Affiliates, which is involved in the manufacture and sale of cereal products. The investment in the joint venture is stated at its net asset value

Cereal Partners U.K. is based at the following address:

1 Bridge Road,  
Welwyn Garden City,  
Herts., AL7 1RR.

**16. STOCKS**

	<u>1993</u>	<u>1992</u>
	£m	£m
Raw materials and consumables	65.2	73.2
Work in progress	18.1	11.5
Finished goods and goods for resale	<u>111.4</u>	<u>108.4</u>
	<u>194.7</u>	<u>193.1</u>

**17. DEBTORS**

	<u>1993</u>	<u>1992</u>
	£m	£m
Trade debtors	155.7	157.1
Amounts owed by parent and fellow subsidiary undertakings	25.0	29.6
Other debtors	23.8	18.1
Prepayments and accrued income	<u>13.1</u>	<u>16.6</u>
	<u>217.6</u>	<u>221.4</u>

Included in prepayments and accrued income is an amount of £3.2 million (1992: £9.5 million) in respect of deferred tax recoverable.

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

**18. CREDITORS: Amounts falling due within one year**

	<u>1993</u>	<u>1992</u>
	£m	£m
Bank loans and overdrafts	484.2	77.8
Trade creditors	61.0	60.4
Amounts owed to parent & fellow subsidiary undertakings	23.7	7.5
Amounts owed to subsidiary undertakings	9.2	7.8
Amounts owed to joint venture	20.2	36.7
Loans from group undertakings	-	536.0
Corporation Tax	1.1	40.4
Other taxes and Social Security	8.4	11.3
Other creditors	25.7	11.7
Accruals and deferred income	136.5	138.3
Obligations under finance leases (note 24)	2.6	3.2
	<u>772.6</u>	<u>931.1</u>

**19. CREDITORS: Amounts falling due after more than one year**

	<u>1993</u>	<u>1992</u>
	£m	£m
Loans from group undertakings	840.0	800.0
Accruals and deferred income	2.1	6.4
Obligations under finance leases (note 24)	9.6	12.2
	<u>851.7</u>	<u>818.6</u>

The loans from group undertakings of £840 million (1992: £800 million) are due for repayment on 31st December, 1999. Interest is payable on this loan at variable market rates.

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

**20. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Joint Venture</u>
At 31st December, 1992	-
Transfers	<u>(1.8)</u>
At 31st December, 1993	<u>(1.8)</u>

This represents a provision for the share of net liabilities of the joint venture.

Deferred taxation - at 31st December, 1993 the maximum unprovided potential liability on timing differences amounted to £88.2 million (1992: £83.9 million) made up as follows:

	<u>1993 £m</u>	<u>1992 £m</u>
The excess of net book value of the Company's assets (after deduction of the deferred income account) over the corresponding tax written down value	<u>88.2</u>	<u>83.9</u>

**21. CALLED UP SHARE CAPITAL**

	<u>Authorised</u>		<u>Allotted and fully paid</u>	
	<u>1993 £m</u>	<u>1992 £m</u>	<u>1993 £m</u>	<u>1992 £m</u>
Ordinary shares of 50p each (320 million authorised, 240.8 million allotted and fully paid)	<u>160.0</u>	<u>160.0</u>	<u>120.4</u>	<u>120.4</u>

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

**22. RESERVES**

	<u>Share Premium Account</u> £m	<u>Goodwill Write off Reserve</u> £m	<u>Profit and Loss Account</u> £m	<u>Total</u> £m
At 31st December, 1992 as previously stated	71.0	(1,094.8)	394.1	(629.7)
Prior Period Adjustment	-	-	(2.2)	(2.2)
At 31st December, 1992 as restated	71.0	(1,094.8)	391.9	(631.9)
Retained loss for the year	-	-	(55.7)	(55.7)
Transfer from goodwill write off reserve to distributable reserves	-	28.5	(28.5)	-
At 31st December, 1993	71.0	(1,066.3)	307.7	(687.6)

The prior period adjustment is for retrospective adjustments to the fair values of the net assets of Clarke Foods (U.K.) Ltd., which were acquired in November 1992 and of Manley Ratcliffe Ltd. which were acquired in July 1992.

**23. CAPITAL AND OTHER FINANCIAL COMMITMENTS**

Items for which no provision has been made in these accounts were as follows:

	<u>1993</u> £m	<u>1992</u> £m
<b>CAPITAL COMMITMENTS</b>		
Contracted	28.4	39.9
Authorised but not contracted	62.8	82.6
<b>OTHER FINANCIAL COMMITMENTS</b>		
Forward contracts for:		
Raw Materials	83.4	72.8
Foreign Currency	66.1	37.0

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

**24. LEASING COMMITMENTS**

The future minimum lease payments to which the company is committed at 31st December, 1993 under finance leases are as follows:

	<u>1993</u>	<u>1992</u>
	£m	£m
Finance leases due:		
Within one year	2.6	3.2
Within two to five years inclusive	7.6	9.3
Over five years	<u>2.0</u>	<u>2.9</u>
	<u>12.2</u>	<u>15.4</u>

**COMMITMENTS UNDER OPERATING LEASES**

At 31st December, 1993 the company has annual commitments under non-cancellable operating leases as set out below:

	<u>1993</u>		<u>1992</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£m	£m	£m	£m
Operating Leases which expire:				
Within one year	0.6	0.5	1.0	0.4
Within two to five years inclusive	2.4	0.6	1.8	2.1
After five years	<u>2.1</u>	<u>0.1</u>	<u>1.1</u>	<u>-</u>
	<u>5.1</u>	<u>1.2</u>	<u>3.9</u>	<u>2.5</u>

**25. CONTINGENT LIABILITIES**

The Company has a contingent liability in respect of the liabilities of Cereal Partners U.K. amounting to £53.5m (1992: £28.9m). Apart from the above and indemnities given in the normal course of business totalling £19.2m (1992: £19.9m), there are no contingent liabilities at 31st December 1993 (1992: £nil).

NESTLÉ UK LTDNOTES TO THE ACCOUNTS

(continued)

26. PENSION FUNDSThe Nestlé Pension Fund

The Company operates a pension scheme primarily for previous employees of The Nestlé Company Limited which provides benefits based on Final Pensionable Earnings. The assets of the fund are held separately from those of the Company, and are invested by a number of specialist investment managers. Pension costs are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The Pension Cost charge for the year was £2.4m (1992: £0.4m). The amount actually contributed during the year was £2.8m (1992: £1.7m) and consequently the prepayment of £1.1 m on 1st January 1992 becomes a prepayment of £1.5m. The Pension Cost charge includes an allowance for the amortisation of the existing surplus as a percentage of salaries over 15 years.

The most recent formal review of the Fund's financial position was at 31st December 1992. The assumptions which have the most significant effect on the results of the review are those relating to the discount rate, the rate of dividend growth and the rates of increases in earnings and pensions. It was assumed the discount rate would be 9% p.a., that increases in earnings would average 7% p.a. and that present and future pensions would increase at the rate of 5% p.a. In determining the actuarial value of the assets it was assumed that the Fund's investments were realised at their market values and re-invested in a notional portfolio of the shares constituting the FT-Actuaries All Share Index and that dividend income on such a portfolio would grow at 4½% p.a.

The review showed that the market value of the Fund's assets was £477.0 million and that the actuarial value of those assets represented 133% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings and pensions.

Nestlé Rowntree Pension Fund

The Company operates a pension scheme primarily for previous employees of subsidiary undertakings of the Company. The fund provides benefits based on Final Pensionable Earnings. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the year was £11.8m (1992: £12.7m). The amount actually contributed during the year was £13.3m, (1992: £12.7m) consequently a prepayment of £1.5m was created.

The most recent formal review of the Funds financial position was at 31st December 1992. The assumptions which have the most significant effect on the results of the review are those relating to the discount rate, the rate of dividend growth and the rates of increases in earnings and pensions. It was assumed the discount rate would be 9% p.a., that the increase in earnings would average 7% p.a. and that the present and future pensions would increase at the rate of 5% p.a. In determining the actuarial value of the assets it was assumed that the Fund's investments were realised at their market values and re-invested in a notional portfolio of the shares constituting the FT-Actuaries All Share Index and that dividend income on such a portfolio would grow at 4½% p.a.

NESTLÉ UK LTD

NOTES TO THE ACCOUNTS

(continued)

Nestlé Rowntree Pension Fund (continued)

The review showed that the market value of the Fund's assets was £601.8 million and that the actuarial value of those assets represented 119% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings and pensions.

**27. ULTIMATE HOLDING COMPANY**

Nestlé Holdings (U.K.) PLC, which is registered in England and Wales, is the holding company for the UK group and prepares group accounts which are delivered to the Registrar of Companies for England and Wales.

The ultimate holding company is Nestlé S.A., CH-1800 Vevey, Switzerland which is incorporated in Switzerland, from which copies of their group accounts can be obtained.