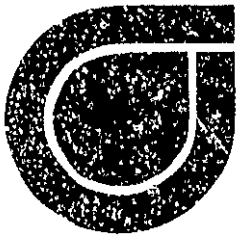


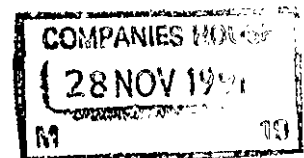
GENERAL FOODS LIMITED



**GENERAL
FOODS**

ACCOUNTS

2nd DECEMBER 1990



GENERAL FOODS LIMITED
AND ITS SUBSIDIARIES

ACCOUNTS

For The Period Ended

1 DECEMBER 1990

Registered No: 203663

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

Report of the Directors for the 52 week period ended 1 December 1990

1. The Directors present their report and the consolidated accounts of the Group for the period ended 1 December 1990, which are to be presented at the annual general meeting of the Company.

Principal activity and subsidiaries

2. The principal activity of the Company continues to be the manufacture and distribution of food products to the Retail, Foodservice and Vending beverage market place, which it conducts through its agent Kraft General Foods Limited.

The Company's principal operating subsidiaries in the period have been Maxpax (UK) Limited, a company which is engaged in the purchase and modification of vending machines for sale, the Kenco Coffee Company Limited, a processor and packer of coffee products and SICMA SA (incorporated in France) which provides vending beverage services. Coffee Hag (UK) Limited has not traded in the period.

Review of the Business

3. The business performance reflected a consolidation of the Company's strong franchises in all its continuing markets.

Results and Dividend

4. Profit growth on ordinary activities has been enhanced by benefits from investment and productivity in manufacturing, the rationalisation of Selling and Administrative functions, withdrawal from unprofitable non core business. Profit after tax and a significantly lower exceptional cost (see note 4 to accounts) amounted to £14,088,000 (1989 £2,149,000).
5. The Directors do not propose a dividend (1989 Nil).
6. The retained profit of £14,088,000 (1989 £2,149,000) has been transferred to reserves.

Research and Development

7. Research and development activities during 1990 continued to be focused on new product development and improvements to establish products and processes.

Future Developments

8. The Group has made steady progress in consolidating its position as market leader or number two in most of its brands.
9. The Company is continuing to exploit its strong brand names and to pursue a policy of constant monitoring of production and review of opportunity for efficiencies in selling, marketing and administration.
10. The outlook for 1991 is one of continued volume and income growth from key brands and new product entries.

Directors and Their Interests

11. The following were Directors of the Company during the period:

H H Roberts (Managing Director)
R V J Cadbury (resigned 29 December 1989)
B M Carlisle (resigned 16 August 1990)
R Y Fox (USA: resigned 30 September 1990)

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GENERAL FOODS LIMITED AND ITS SUBSIDIARIES
Report of the Directors continued

S D Gray
R J D Halliday
G Jardine
J M Keenan (USA)
R D Killick (resigned 17 May 1990)
N S McCluskey (resigned 29 August 1990)
N P Ouellette (USA: resigned 17 May 1990)
P A Smith (appointed 6 August 1990)

12. Under the articles of association of the Company, all Directors except the Managing Director will retire at the annual general meeting, and are eligible for re-election.
13. There are no Directors' interests which fall to be declared under the Companies Acts and Orders made thereunder.

Market Value of Land and Buildings

14. The Directors estimate that the market value of land and buildings included in the consolidated accounts at a net book value of £10,167,000 (December 1989 - £10,006,000) is approximately £28,500,000 (December 1989 £25,800,000).

Tangible Fixed Assets

15. Changes in tangible fixed assets are set out in note 9 to the financial statements.

Employment Policies and Involvement

16. The Group adopts a policy of non-discrimination in the employment of disabled persons. Policies related to training, career development and succession are applied equally to disabled and able-bodied employees.
17. The Group believes in and supports the development of a working environment which encourages employee involvement in the business. Information about the Group and its business is provided to all employees on matters likely to be of concern to them in meetings, a company newspaper, an annual employee report and by other traditional communications. Trade union representatives and other employee groups regularly receive information about the business.
18. There are formal agreements with five trade unions permitting negotiation, discussion and consultation. Joint consultative committees discuss safety and pension matters. The field sales force views are sought and taken into consideration through a sales consultative committee. Ad hoc consultative working parties consider particular issues.
19. The Group actively promotes an employee suggestion scheme and general manager's award programme. Both are open to all employees.

Donations

20. During the period, the group has made donations for charitable purposes amounting to £29,000 (December 1989 £30,000). No donations were made for political purposes.

Taxation status

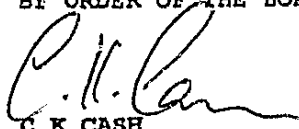
21. In the opinion of the Directors, the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988, as amended.

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES
Report of the Directors continued

Auditors

22. A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


C K CASH
Company Secretary

CHELTENHAM

30 September 1991

Auditors' Report to the Members of GENERAL FOODS LIMITED

We have audited the accounts set out on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 1 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Campen & Lybrand Deloitte

Chartered Accountants

BRISTOL

30 September 1991

Consolidated Profit and Loss Account
for the 52 week period ended 1 December 1990

	NOTES	52 Week Period Ended 1 DECEMBER 1990		52 Week Period Ended 2 DECEMBER 1989	
		£000s	£000s	£000s	£000s
TURNOVER	1 & 2		253,627		282,750
COST OF SALES			(190,656)		(232,598)
GROSS PROFIT			62,971		50,152
Distribution costs		(19,026)		(17,880)	
Administrative expenses		(8,364)		(8,150)	
Other Operating income		-		62	
			(27,390)		(25,968)
OPERATING PROFIT			35,581		24,184
EXCEPTIONAL ITEM: Re-organisation and divestment costs	4	(3,650)		(14,897)	
Interest receivable		60		886	
Interest payable		(6,962)		(7,144)	
			(10,552)		(21,155)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		25,029		3,029
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6		(10,941)		(880)
RETAINED PROFIT FOR THE PERIOD	8		14,088		2,149

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Consolidated Balance Sheet at 1 December 1990

	NOTES	<u>1 DECEMBER 1990</u>		<u>2 DECEMBER 1989</u>	
		£000s	£000s	£000s	£000s
FIXED ASSETS					
Intangible assets	12	5,791		4,782	
Tangible assets	9	59,507		60,535	
			65,298		65,317
CURRENT ASSETS					
Stocks	13	29,183		30,777	
Debtors	14	46,836		48,704	
Cash at bank and in hand		1,984		8,532	
		78,003		88,013	
CREDITORS: amounts falling due within one year	15	79,323		100,972	
NET CURRENT LIABILITIES			(1,320)		(12,959)
TOTAL ASSETS LESS CURRENT LIABILITIES			63,978		52,358
CREDITORS: amounts falling due after more than one year	16		(818)		(3,766)
Provision for liabilities and charges	19		(866)		-
NET ASSETS			62,294		48,592
CAPITAL AND RESERVES					
Called up share capital	17		75		75
Share premium account	18		1,317		1,317
Other reserves	18		(204)		182
Profit & loss account	18		61,106		47,018
			62,294		48,592

These accounts were approved by the Board on 30 September 1991

Chairman
Hugh Roberts } Directors

CINERAL FOODS LIMITED

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Balance Sheet at 1 December 1990

	NOTES	1 DECEMBER 1990		2 DECEMBER 1989	
		£000s	£000s	£000s	£000s
FIXED ASSETS					
Tangible assets	9		56,065		48,297
Investments in group companies	11		5,159		17,071
			61,224		65,368
CURRENT ASSETS					
Stocks	13	23,280		23,316	
Debtors	14	52,807		46,220	
Cash at bank and in hand		1,794		8,417	
		77,881		77,953	
CREDITORS: amounts falling due within one year	15	100,198		115,504	
NET CURRENT LIABILITIES			(22,317)		(37,551)
TOTAL ASSETS LESS CURRENT LIABILITIES			38,907		27,817
CREDITORS: amounts falling due after more than one year	16		-		(3)
Provision for liabilities and charges	19		(840)		-
NET ASSETS			38,067		27,814
CAPITAL AND RESERVES					
Called up share capital	17		75		75
Share premium account	18		1,317		1,317
Profit and loss account	18		36,675		26,422
			38,067		27,814

These accounts were approved by the Board on 30 September 1991

William } Directors
Hugh Roberts

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Statement of Source and Application of Funds
for the 52 week period ended 1 December 1990

	52 Week Period Ended 1 DECEMBER 1990		52 Week Period Ended 2 DECEMBER 1989	
	£000s	£000s	£000s	£000s
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		25,029		3,029
Adjustment for items not involving the movement of funds:				
Pension provision		866		-
Depreciation		6,756		6,864
Loss on sale of fixed assets		105		570
Amortisation of goodwill		875		371
Balance sheet translation		(469)		62
TOTAL GENERATED FROM OPERATIONS		33,162		10,896
FUND FROM OTHER SOURCES				
Sales of tangible fixed assets		909		392
Loans repaid		-		3,110
New loans		-		39,571
		34,071		53,969
APPLICATION OF FUNDS				
Purchase of goodwill on acquisition of subsidiaries	(1,875)		(127)	
Purchase of tangible fixed assets	(6,668)		(6,317)	
Taxation paid	(1,187)		(5,897)	
Repayment of loans	(5,893)		(27,695)	
		(15,623)		(40,036)
		18,448		13,933
REPRESENTED BY:-				
Increase/(decrease) in working capital				
Stocks	(1,594)		1,022	
Debtors	3,418		1,524	
Creditors	23,172		(4,814)	
		24,996		(2,268)
Increase/(decrease) in net liquid funds		(6,548)		16,201
		18,448		13,933

Accounting Policies

- 1 The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the accounting period, are set out below.

(A) Basis of Consolidation

The accounts represent a consolidation of the statements of General Foods Limited, its operating subsidiaries, Maxpax (UK) Limited, The Kerco Coffee Company Limited and SICMA SA (incorporated in France) and Coffee Hag (UK) Limited, which has not traded in the period. Inter-group sales and profits are eliminated fully on consolidation. Transactions incurred on behalf of the Company by its agent Kraft General Foods Limited are recorded in these accounts (see note 20(c)).

(B) Turnover

Turnover comprises the selling value, after deduction of any allowances and taxes, of goods sold as a principal in the ordinary course of business.

(C) Depreciation

Fixed assets are stated at cost less depreciation which is provided on a straight line basis over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Life</u>
Buildings	25 years to 40 years
Machinery and Equipment	3 years to 15 years
Fork Lift Trucks	5 years to 8 years
Computer Hardware	5 years to 10 years
Research Equipment	5 years to 10 years
Capitalised Leases	the life of the lease

Construction work in progress is not depreciated.

(D) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the direct cost of materials and labour, and a proportion of relevant overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and where appropriate the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

(E) Taxation

Tax deferred or accelerated is accounted for in respect of all material differences to the extent that it is probable that a liability or asset will crystallise.

(F) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at exchange rates in operation when the transaction occurred. Exchange gains and losses on settled transactions are reported in the profit and loss account. Assets and liabilities in foreign currencies have been expressed in sterling at the rates ruling at the end of the period and any gains or losses reported in the profit and loss accounts.

(G) Research and Development Costs

All research and development costs are expensed as occurred.

Notes to the Accounts - 1 December 1990 continued

ACCOUNTING POLICIES continued(H) Goodwill

Goodwill arises where the purchase consideration exceeds the value of the underlying net tangible assets. Goodwill is being amortised over its estimated useful life (between 7 and 40 years) from the date of acquisition.

(I) Pension Costs

The pension cost to be charged to the profit and loss account has been determined by a qualified Actuary so as to spread the cost of pensions over employees' working lives. The cost has been calculated using the Projected Unit method of valuation. Independent actuarial valuations are normally carried out every three years.

Segment Information

2 The geographical analysis of the group's turnover is as follows:

	52 week period ended 1 DECEMBER 1990 £000s	52 week period ended 2 DECEMBER 1989 £000s
United Kingdom	240,010	271,495
Europe	10,534	7,758
Others	3,083	3,497
	<u>253,627</u>	<u>282,750</u>

The analysis of profit before taxation and net assets has been omitted as in the opinion of the Directors it would be seriously prejudicial to the interests of the group.

Profit on Ordinary Activities Before Taxation

	52 week period ended 1 DECEMBER 1990 £000s	52 week period ended 2 DECEMBER 1989 £000s
3 Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Wages and salaries	30,537	31,986
Social security costs	3,132	2,835
Other pension costs	866	954
Depreciation (Note 9)	6,756	6,864
Directors' emoluments (Note 5)	320	1,262
Hire of equipment and vehicles	3,078	2,639
Auditors' remuneration	73	70
Interest payable on bank overdrafts and other loans wholly repayable within 5 years, not by instalments	2,128	3,097
Interest payable on loans from group Companies wholly repayable within 5 years	4,834	4,047
Bank and other interest receivable	(60)	(886)
	<u>4,834</u>	<u>4,047</u>
	<u>(60)</u>	<u>(886)</u>

Notes to the Accounts - 1 December 1990 continuedRe-organisation and Divestment Costs

- 4 During the year provisions for exceptional costs were made in the Company's books as follows:

	52 week period ended 1 DECEMBER 1990 £000s	52 week period ended 2 DECEMBER 1989 £000s
Re-organisation and rationalisation	3,528	11,634
Divestment of non-core businesses	122	3,263
Total	<u>3,650</u>	<u>14,897</u>

Emoluments of the Directors

- 5 The emoluments of the Chairman were £Nil (1989 £95,999). The highest paid Director received £74,972 (1989 £109,626).

Emoluments paid to other Directors, excluding pension contributions, fell within the following ranges per annum:

	52 week period ended 1 DECEMBER 1990	52 week period ended 2 DECEMBER 1989
£0 - £ 5,000	4	6
£10,001 - £15,000	1	-
£20,001 - £25,000	1	-
£30,001 - £35,000	-	1
£40,001 - £45,000	2	1
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	2
£60,001 - £65,000	-	2
£65,001 - £70,000	1	-
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
£90,001 - £95,000	-	1

In addition to the above emoluments an aggregate amount of £274,918 (1989 £487,954) was paid to Directors as compensation for loss of office.

Emoluments paid to other employees in excess of £30,000, (excluding pension contributions), fell within the following ranges per annum.

	52 week period ended 1 DECEMBER 1990	52 week period ended 2 DECEMBER 1989
£30,000 - £35,000	39	14
£35,001 - £40,000	18	10
£40,001 - £45,000	8	5
£45,001 - £50,000	4	3
£50,001 - £55,000	3	-
£55,001 - £60,000	1	-

Notes to the Accounts - 1 December 1990 continuedTax on Profit on Ordinary Activities

6	52 week period ended 1 DECEMBER 1990 £000s	52 week period ended 2 DECEMBER 1989 £000s
Taxation on the profit on ordinary activities for the year:		
UK Corporation tax at 35% (1989 35%)	11,538	341
Foreign tax	363	547
Prior year adjustment	(960)	(8)
	<u>10,941</u>	<u>880</u>

The charge for taxation on the profit on ordinary activities for the period has been reduced by £165,000 (1989 £788,000) in respect of accelerated capital allowances of £471,000 (1989 £2,252,000) for which no deferred taxation has been provided.

The tax charged has not been adjusted for any changes in UK corporation tax rates resulting from the Chancellor of the Exchequer's Budget speech of 19 March 1991. The effect of any such adjustments would not be considered material.

Potential Deferred Taxation

- 7 The potential amount of deferred taxation not provided where no actual liability is expected to arise in the foreseeable future is as follows:

	Group		Company	
	1 Dec '90 £000s	2 Dec '89 £000s	1 Dec '90 £000s	2 Dec '89 £000s
Accelerated Capital Allowances	10,409	11,947	10,409	30,546
Other Timing Differences	(232)	(105)	(232)	(105)
	<u>10,177</u>	<u>11,842</u>	<u>10,177</u>	<u>10,441</u>

General Foods Limited Profit & Loss Account

- 8 General Foods Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of profit after taxation for the financial year dealt with in the accounts of the holding company is £10,253,000 (1989 loss - £7,871,000).

Tangible Assets

9(A) Group	Freehold Land and Buildings £000s	Plant and Equipment and Motor Vehicles £000s	Construction Work in Progress £000s	Total £000s
COST				
At 3 December 1989	15,077	79,072	2,834	96,983
Additions	159	736	5,520	6,415
Disposals	(26)	(2,628)	-	(2,654)
Transfers	595	4,147	(4,460)	282
Balance Sheet Translation	23	87	-	110
At 1 December 1990	<u>15,828</u>	<u>81,414</u>	<u>3,894</u>	<u>101,136</u>

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

13

Tangible Assets continued

9(A) <u>Group</u>	<u>Freehold Land and Buildings</u> £000s	<u>Plant and Equipment and Motor Vehicles</u> £000s	<u>Construction Work in Progress</u> £000s	<u>Total</u> £000s
DEPRECIATION				
At 3 December 1989	5,071	31,377	-	36,448
Charge for the Period	472	6,284	-	6,756
Relating to Disposals	(16)	(1,624)	-	(1,640)
Transfers	134	(105)	-	29
Balance Sheet Translation	-	36	-	36
At 1 December 1990	5,661	35,968	-	41,629
NET BOOK VALUE				
At 1 December 1990	10,167	45,446	3,894	59,507
At 2 December 1989	10,006	47,695	2,834	60,535

Plant and Equipment and Motor Vehicles includes £128,000 in respect of fully depreciated assets held under finance leases.

<u>Tangible Assets</u> 9(B) <u>Company</u>	<u>Freehold Land and Buildings</u> £000s	<u>Plant and Equipment and Motor Vehicles</u> £000s	<u>Construction Work in Progress</u> £000s	<u>Total</u> £000s
COST				
At 3 December 1989	-	73,540	2,511	76,051
Additions	-	-	5,154	5,154
Disposals	(26)	(2,475)	-	(2,501)
Transfers	14,767	3,732	(3,820)	14,679
At 1 December 1990	14,741	74,797	3,845	93,383
DEPRECIATION				
At 3 December 1989	-	27,754	-	27,754
Charge for the Period	431	5,654	-	6,085
Relating to Disposals	(16)	(1,527)	-	(1,543)
Transfers	4,967	55	-	5,022
At 1 December 1990	5,382	31,936	-	37,318
NET BOOK VALUE				
At 1 December 1990	9,359	42,861	3,845	56,065
At 2 December 1989	-	45,786	2,511	48,297

Plant and Equipment and Motor Vehicles include £218,000 of fully depreciated assets held under finance leases.

Notes to the Accounts - 1 December 1990 continued

Capital Commitments

10	Group		Company	
	1 Dec '90	2 Dec '89	1 Dec '90	2 Dec '89
	£000s	£000s	£000's	£000s
Future Capital Expenditure contracted for but not yet provided	696	400	690	385
Authorised by the Directors but not contracted for	4,170	5,212	4,170	5,170

Investments Included in Fixed Assets - Company11 Investments in Group Companies

	COST	PROVISION	NET BOOK AMOUNT	LOANS TO GROUP COMPANIES	TOTAL
	£000s	£000s	£000s	£000s	£000s
At 3 December 1989	5,946	(394)	5,552	11,519	17,071
Goodwill Amortisation	-	(393)	(393)	-	(393)
Net Advances	-	-	-	(11,519)	(11,519)
At 1 December 1990	5,946	(787)	5,159	-	5,159

The Company's operating subsidiaries which are wholly-owned are, Maxpax (UK) Limited, the Kenco Coffee Company Limited and SICMA SA, incorporated in France (the former two subsidiaries are incorporated in England). Coffee Hag (UK) Limited, which is wholly-owned, did not trade in the period. The Company's other non-operating subsidiaries are General Foods (Pension Trustees) Limited and Alfred Bird and Sons (Pension Trustees) Limited, both of which are also wholly-owned. Neither company has traded during the period and they have not been consolidated. Provisions are as follows:

	1 DECEMBER 1990	2 DECEMBER 1989
	£000s	£000s
Goodwill amortisation	687	294
Accumulated deficits - dormant companies	100	100
	787	394

Intangible Assets12 Group

	1 DECEMBER 1990	2 DECEMBER 1989
	£000s	£000s
Goodwill at cost	5,849	5,722
Additions	1,875	127
Amortisation prior years	(1,066)	(695)
Amortisation for the period	(875)	(371)
Balance sheet translation SICMA	8	(1)
	5,791	4,782

The additions to goodwill represent £1,875,000 paid to acquire customer listings, at nil net book value.

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Notes to the Accounts - 1 December 1990 continued

Stocks

13	Group		Company	
	1 Dec '90 £000s	2 Dec '89 £000s	1 Dec '90 £000s	2 Dec '89 £000s
Raw materials and consumables	7,234	8,641	6,521	7,494
Work in progress	1,192	1,549	1,148	1,490
Finished goods and goods for resale	20,757	20,587	15,611	14,332
	<u>29,183</u>	<u>30,777</u>	<u>23,280</u>	<u>23,316</u>

Debtors

14	Group		Company	
	1 Dec '90 £000s	2 Dec '89 £000s	1 Dec '90 £000s	2 Dec '89 £000s
Amounts due within one year:-				
Trade debtors	36,816	39,096	33,534	37,581
Amounts owed by subsidiaries	-	-	9,492	187
Amounts owed by other group companies	8,153	402	8,153	402
Other debtors	210	8,199	210	7,212
Prepayment and accrued income	1,657	1,007	1,418	838
	<u>46,836</u>	<u>48,704</u>	<u>52,807</u>	<u>46,220</u>

Creditors: Amounts Falling Due Within One Year

15	Group		Company	
	1 Dec '90 £000s	2 Dec '89 £000s	1 Dec '90 £000s	2 Dec '89 £000s
Trade creditors	9,490	12,872	7,851	10,958
Short term loans	1,256	7,936	703	7,514
Amounts owed to subsidiaries	-	-	15,245	20,017
Amounts owed to other group companies	38,051	50,440	47,632	49,411
Taxation and social security	10,076	2,883	8,418	905
Accruals and deferred income	20,450	26,841	20,349	26,699
	<u>79,323</u>	<u>100,972</u>	<u>100,198</u>	<u>115,504</u>

Creditors: Amounts Falling Due After More Than One Year

16	Group		Company	
	1 Dec '90 £000s	2 Dec '89 £000s	1 Dec '90 £000s	2 Dec '89 £000s
Loans from Fellow Subsidiaries	-	3	-	3
Taxation	-	3,735	-	-
Bank Loans	818	28	-	-
	<u>818</u>	<u>3,766</u>	<u>-</u>	<u>3</u>

Loan from fellow subsidiary - £3,000 is of no fixed term and non interest bearing.

The bank loans are repayable between one to two years.

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

16

Notes to the Accounts - 1 December 1990 continued

Called Up Share Capital

	<u>1 DECEMBER 1990</u> £000s	<u>2 DECEMBER 1989</u> £000s
17		
Authorised Ordinary shares of £1 each	410	410
Allotted, called up and fully paid Ordinary shares of £1 each	75	75

Reserves

	<u>Group</u>			
	<u>Share Premium Account</u> £000s	<u>Profit and Loss Account</u> £000s	<u>Other Reserves</u> £000s	<u>Total</u> £000s
At the beginning of the period	1,317	47,018	182	48,517
Balance sheet translation SICMA	-	-	(386)	(386)
Profit for the period	-	14,088	-	14,088
At the end of the period	1,317	61,106	(204)	62,219

	<u>Company</u>		
	<u>Share Premium Account</u> £000s	<u>Profit and Loss Account</u> £000s	<u>Total</u> £000s
At the beginning of the period	1,317	26,422	27,739
Profit for the period	-	10,253	10,253
At the end of the period	1,317	36,675	37,992

Other reserves arise on consolidation of Coffee Hag (UK) Limited and from balance sheet translation and are not distributable.

19 Pension Commitments

On 1 July 1990 the Company became a participating employer in the Kraft General Foods Retirement Benefits Plan which is a non-contributory pension plan providing benefits based on final pensionable salary open to all of its eligible employees. In addition members may pay additional voluntary contributions to purchase additional benefits on a money purchase principle although certain members of the plan do receive minimum guarantees on this benefit. The plan funds are administered by trustees and are independent of the Company's finances.

The pension cost to be charged to the Profit and Loss Account for the period ended 1 December 1990 has been determined by a qualified actuary. A full actuarial valuation was carried out as at 1 July 1990 and the cost has been calculated using the Projected Unit method of valuation. The most significant assumptions used were that investment returns would be 10% per annum, salary increases would average 7.5% per annum. Assets were valued by discounting expected future income with allowance for future dividend growth of 5.0% per annum. The pension charge for the period was £866,000 (1989 £954,000) and the Company contributions were at the level agreed by the Actuary. An amount of £866,000 (1989 Nil) is included in provisions which represents the excess of the accumulated pension cost over the payment of contributions to the pension fund. Of the £866,000 charge for the year and provision, £840,000 relates to General Foods Limited and is included in the accounts of that Company.

Notes to the Accounts - 1 December 1990 continued19 Pension Commitments continued

The market value of the Scheme's assets as at the valuation date was £96,730,000 and the actuarial value of these assets represented 102% of the benefits accrued to members calculated in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987. There is a continuing commitment on behalf of the Company to fully fund all pension liabilities.

Guarantees and other financial commitments

20 a. Bank guarantees -

Bank guarantees of £10,000 in relation to the Intervention Board of Agriculture are held on behalf of the Company.

b. Lease commitments -

The Company has annual commitments under operating leases as follows:-

In respect of leases which expire:

	<u>Plant and Machinery</u>
Within 1 year	351
Within 2-5 years	599
After 5 years	-
	<u>950</u>

c. Agency agreement -

The Company acts in accordance with an agency agreement between itself and Kraft General Foods Limited, the agency company, by which the agency company is indemnified by the Company against any liability incurred by it whilst acting within the scope of its appointment under the agency agreement.

Employees

21 The average number of persons employed by the Group during the year was:

	<u>1 DECEMBER 1990</u>	<u>2 DECEMBER 1989</u>
United Kingdom	1,502	1,900
France	130	108
	<u>1,632</u>	<u>2,008</u>

Ultimate Holding Company

22 The Company's ultimate holding company is Philip Morris Companies Inc., incorporated in the United States of America.