

GENERAL FOODS LIMITED
AND ITS SUBSIDIARIES

ACCOUNTS

For The Period Ended

14 DECEMBER 1991

Registered No: 203663



416
17-10-92

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

Report of the Directors for the 54 week period ended 14 December 1991

1. The Directors present their report and the audited financial statements of the Group for the period ended 14 December 1991.

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 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. The business and activities of Maxpax (UK) Ltd have been transferred into General Foods Limited.

On 31 March 1992 all production carried out by the Company's subsidiary Kenco Coffee Company Limited at Earlsfield was transferred to the Banbury Plant as part of a rationalisation programme. The site at Earlsfield is to be sold.

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, and sharply reduced interest charges due to strong cash flow. Profit after tax and a significantly reduced exceptional cost (see note 4 to accounts) amounted to £25,169,000 (1990 £14,088,000).
5. The Directors do not propose a dividend (1990 £nil).
6. The retained profit of £25,169,000 (1990 £14,088,000) has been transferred to reserves.

Future Developments

7. The Group has made good progress in consolidating its position as market leader or number two in most of its brands.
8. 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.
9. The outlook for 1992 is one of continued volume and income growth from key brands and new product entries.

Directors and Their Interests

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

H H Roberts
S D Gray
R J D Halliday
G Jardine
J M Keenan (USA)
P A Smith

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES
Report of the Directors continued

On 31 December 1991, R.J.S. Bell was appointed as a Director and N.H. Roberts resigned.

11. 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.
12. There are no Directors' interests which fall to be declared under the Companies Acts and Orders made thereunder.

Market Value of Land and Buildings

13. The Directors estimate that the market value of land and buildings included in the consolidated accounts at a net book value of £10,665,000 (December 1990 - £10,167,000) is approximately £30,673,000 (December 1990 £28,500,000).

Tangible Fixed Assets

14. Changes in tangible fixed assets are set out in note 11 to the financial statements.

Employment Policies and Involvement

15. 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.
16. 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.
17. 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.
18. The Group actively promotes an employee suggestion scheme and general manager's award programme. Both are open to all employees.

Insurance of Directors

19. Philip Morris Companies Inc., the group's ultimate holding company, maintains insurance for Directors in respect of their duties as Directors of General Foods Limited.

Donations

20. During the period, the group has made donations for charitable purposes amounting to £13,000 (December 1990 £29,000). No donations were made for political purposes.

Taxation status

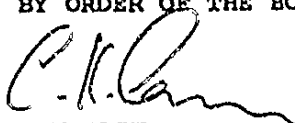
21. In the opinion of the Directors, the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988, as amended.

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES
Report of the Directors continued

Auditor

22. A resolution to re-appoint Coopers & Lybrand as the Company's auditor will be proposed at the annual general meeting. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

BY ORDER OF THE BOARD



C K CASH
Company Secretary

CHELTENHAM

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Report of the Auditor to the Members of GENERAL FOODS LIMITED

We have audited the financial statements set out on pages 5 to 18 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 14 December 1991 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.

Coxon & Lybrand

Chartered Accountants and Registered Auditor

BRISTOL 25 September 1992

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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**Consolidated Profit and Loss Account
for the 54 week period ended 14 December 1991**

	NOTES	54 Week Period Ended 14 DECEMBER 1991		52 Week Period Ended 1 DECEMBER 1990	
		£000s	£000s	£000s	£000s
TURNOVER	1 & 2		266,707		253,627
COST OF SALES			(189,606)		(190,656)
GROSS PROFIT			77,101		62,971
Distribution costs		(22,232)		(19,026)	
Administrative expenses		(13,302)		(8,364)	
Other Operating income					
			(35,534)		(27,390)
OPERATING PROFIT			41,567		35,581
EXCEPTIONAL ITEM: Re-organisation and divestment costs	4	(1,780)		(3,650)	
Interest receivable		187		60	
Interest payable		(682)		(6,962)	
			(2,275)		(10,552)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		39,292		25,029
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8		(14,123)		(10,941)
RETAINED PROFIT FOR THE PERIOD	20		25,169		14,088

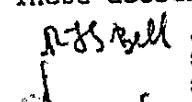

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Consolidated Balance Sheet at 14 December 1991

	NOTES	<u>14 DECEMBER 1991</u>		<u>1 DECEMBER 1990</u>	
		£000s	£000s	£000s	£000s
FIXED ASSETS					
Intangible assets	14	5,421		5,791	
Tangible assets	11	61,391		59,507	
			66,812		65,298
CURRENT ASSETS					
Stocks	15	27,206		29,183	
Debtors	16	80,461		46,836	
Cash at bank and in hand		180		1,984	
		107,847		78,003	
CREDITORS: amounts falling due within one year	17	(82,114)		(79,323)	
NET CURRENT LIABILITIES			25,733		(1,320)
TOTAL ASSETS LESS CURRENT LIABILITIES			92,545		63,978
CREDITORS: amounts falling due after more than one year	18		(2,285)		(818)
Provision for liabilities and charges	21		(2,470)		(866)
NET ASSETS			87,790		62,294
CAPITAL AND RESERVES					
Called up share capital	19		75		75
Share premium account	20		1,317		1,317
Other reserves	20		123		(204)
Profit & loss account	20		86,275		61,106
			87,790		62,294

These accounts were approved by the Board on 25 SEPTEMBER 1992



 Directors

GENERAL FOODS LIMITED

Balance Sheet at 14 December 1991

	NOTES	<u>14 DECEMBER 1991</u>		<u>1 DECEMBER 1990</u>	
		£000s	£000s	£000s	£000s
FIXED ASSETS					
Tangible assets	11		58,170		56,065
Investments in group companies	13		4,554		5,159
			<u>62,724</u>		<u>61,224</u>
CURRENT ASSETS					
Stocks	15	25,542		23,280	
Debtors	16	72,600		52,807	
Cash at bank and in hand		164		1,794	
		<u>98,306</u>		<u>77,881</u>	
CREDITORS: amounts falling due within one year	17	(86,043)		(100,198)	
NET CURRENT LIABILITIES			<u>12,263</u>		<u>(22,317)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			74,987		38,907
CREDITORS: amounts falling due after more than one year	18		-		-
Provision for liabilities and charges	21		(2,382)		(840)
NET ASSETS			<u>72,605</u>		<u>38,067</u>
CAPITAL AND RESERVES					
Called up share capital	19		75		75
Share premium account	20		1,317		1,317
Profit and loss account	20		71,213		36,675
			<u>72,605</u>		<u>38,067</u>

These accounts were approved by the Board on 25 SEPTEMBER 1992

Assell
Quinn } Directors

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Statement of Source and Application of Funds
for the 54 week period ended 14 December 1991

	<u>54 Week Period Ended</u> <u>14 DECEMBER 1991</u>		<u>52 Week Period Ended</u> <u>1 DECEMBER 1990</u>	
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		39,292		25,029
Adjustment for items not involving the movement of funds:				
Pension provision		1,604		865
Depreciation		6,524		6,756
Loss on sale of fixed assets		604		105
Amortisation of goodwill		964		875
Balance sheet translation		341		(469)
TOTAL GENERATED FROM OPERATIONS		<u>49,329</u>		<u>33,162</u>
FUND FROM OTHER SOURCES				
Sales of tangible fixed assets		<u>103</u>		<u>909</u>
		49,432		34,071
APPLICATION OF FUNDS				
Purchase of goodwill on acquisition of subsidiaries	(607)		(1,875)	
Purchase of tangible fixed assets	(9,115)		(6,668)	
Taxation paid	(3,424)		(1,187)	
Repayment of loans	-		(5,893)	
		<u>(13,146)</u>		<u>(15,623)</u>
		<u>36,286</u>		<u>18,448</u>
REPRESENTED BY:-				
Increase/(decrease) in working capital				
Stocks	(1,977)		(1,594)	
Debtors	32,872		3,418	
Creditors	<u>6,097</u>		<u>23,172</u>	
		36,992		24,996
Increase/(decrease) in net liquid funds		<u>(706)</u>		<u>(6,548)</u>
		<u>36,286</u>		<u>18,448</u>

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 Kenco 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 22(c)).

(B) Turnover

Turnover comprises the selling value, after deduction of any allowances and taxes, of goods sold 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

Provision is made for deferred taxation, using the liability method, on 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 recognised as occurred.

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Notes to the Accounts - 14 December 1991 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 an independent 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.

(J) Leases

General Foods Limited enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the period and future commitments is given in note 22.

Segment Information

- 2 The analysis of turnover, profit on ordinary activities 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 Company.

Profit on Ordinary Activities Before Taxation

3	54 week period ended 14 DECEMBER 1991 £000s	52 week period ended 1 DECEMBER 1990 £000s
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of Goodwill	392	393
Depreciation (Note 11)	6,524	6,756
Directors' emoluments (Note 7)	510	320
Hire of equipment and vehicles	4,501	3,078
Auditor's remuneration	74	73

Notes to the Accounts - 14 December 1991 continued

Re-organisation and Divestment Costs

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

	54 week period ended 14 DECEMBER 1991 £000s	52 week period ended 1 DECEMBER 1990 £000s
Re-organisation and rationalisation	1,780	3,528
Divestment of non-core businesses	-	122
Total	<u>1,780</u>	<u>3,650</u>

Interest Payable and Similar Changes

	54 week period ended 14 DECEMBER 1991 £000s	52 week period ended 1 DECEMBER 1990 £000s
On bank loans and overdrafts repayable within 5 years, not by instalments	682	2,128
On loans from group companies repayable within 5 years	-	4,834
	<u>682</u>	<u>6,962</u>

Employees

- 6 The average number of persons (including Directors) employed by the Group during the year was:

	14 DECEMBER 1991	1 DECEMBER 1990
a) United Kingdom	1,397	1,502
France	149	130
	<u>1,546</u>	<u>1,632</u>

	54 week period ended 14 DECEMBER 1991 £000s	52 week period ended 1 DECEMBER 1990 £000s
b) The particulars of employee costs including executive directors are as follows:-		
Wages and salaries	29,363	30,537
Social security costs	3,744	3,132
Other pension costs	1,604	866
	<u>34,711</u>	<u>34,535</u>

Notes to the Accounts - 14 December 1991 continued

Emoluments of the Directors

7 The emoluments of the Chairman were ENil (1990 ENil). The highest paid Director received £161,679 (1990 £74,972).

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

	54 week period ended 14 DECEMBER 1991	52 week period ended 1 DECEMBER 1990
£ 0 - £ 5,000	1	4
£ 10,001 - £15,000	-	1
£ 20,001 - £25,000	-	1
£ 40,001 - £45,000	-	2
£ 55,001 - £60,000	-	1
£ 65,001 - £70,000	-	1
£ 75,001 - £80,000	1	-
£ 80,001 - £85,000	1	-
£ 85,001 - £90,000	1	-
£ 95,001 - £100,000	1	-
£160,001 - £165,000	1	-

In addition to the above emoluments an aggregate amount of ENil (1990 £(274,918)) was paid to Directors as compensation for loss of office.

Tax on Profit on Ordinary Activities

	54 week period ended 14 DECEMBER 1991 £000s	52 week period ended 1 DECEMBER 1990 £000s
Taxation on the profit on ordinary activities for the year:		
UK Corporation tax at 33.33% (1990 35%)		
Current	13,795	11,538
Under/(Over) provision in respect of prior year		
Current	29	(960)
Foreign tax	293	362
	<u>14,123</u>	<u>10,941</u>

Potential Deferred Taxation

9 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	
	14 Dec '91 £000s	1 Dec '90 £000s	14 Dec '91 £000s	1 Dec '90 £000s
Accelerated Capital Allowances	9,749	10,409	9,749	10,409
Other Timing Differences	(914)	(232)	(914)	(232)
	<u>8,835</u>	<u>10,177</u>	<u>8,835</u>	<u>10,177</u>

GENERAL FOODS LIMITED AND ITS SUBSIDIARIESNotes to the Accounts - 14 December 1991 continuedGeneral Foods Limited Profit and Loss Account

- 10 General Foods Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1965. The amount of profit after taxation for the financial year dealt with in the accounts of the holding company is £34,538,000 (1990 £10,253,000).

Tangible Assets

11(A) Group	Freehold Land and Buildings	Plant and Equipment and Motor Vehicles	Construction Work in Progress	Total
	£000s	£000s	£000s	£000s
COST				
At 1 December 1990	15,828	81,414	3,894	101,136
Additions	283	382	8,438	9,103
Disposals	(91)	(2,642)	-	(2,733)
Transfers	632	5,490	(6,101)	21
	<u>16,652</u>	<u>84,644</u>	<u>6,231</u>	<u>107,527</u>
At 14 December 1991				
DEPRECIATION				
At 1 December 1990	5,661	35,968	-	41,629
Charge for the Period	374	6,150	-	6,524
Relating to Disposals	(48)	(1,978)	-	(2,026)
Transfers	-	9	-	9
	<u>5,987</u>	<u>40,149</u>	<u>-</u>	<u>46,136</u>
At 14 December 1991				
NET BOOK VALUE				
At 14 December 1991	<u>10,665</u>	<u>44,495</u>	<u>6,231</u>	<u>61,391</u>
At 1 December 1990	<u>10,167</u>	<u>45,446</u>	<u>3,894</u>	<u>59,507</u>

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

Notes to the Accounts - 14 December 1991 continued

<u>Tangible Assets</u> <u>11(B) Company</u>	<u>Freehold</u> <u>Land and</u> <u>Buildings</u> <u>£000s</u>	<u>Plant and</u> <u>Equipment</u> <u>and Motor</u> <u>Vehicles</u> <u>£000s</u>	<u>Construction</u> <u>Work in</u> <u>Progress</u> <u>£000s</u>	<u>Total</u> <u>£000s</u>
COST				
At 1 December 1990	14,741	74,797	3,845	93,383
Additions	-	-	8,328	8,328
Disposals	-	(2,393)	-	(2,393)
Transfers	632	5,336	(5,947)	21
At 14 December 1991	15,373	77,740	6,226	99,339
DEPRECIATION				
At 1 December 1990	5,382	31,936	-	37,318
Charge for the Period	329	5,243	-	5,572
Relating to Disposals	-	(1,730)	-	(1,730)
Transfers	-	9	-	9
At 14 December 1991	5,711	35,458	-	41,169
NET BOOK VALUE				
At 14 December 1991	9,662	42,282	6,226	58,170
At 1 December 1990	9,359	42,861	3,845	56,065

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

Capital Commitments

	<u>Group</u>		<u>Company</u>	
12	<u>14 Dec '91</u>	<u>1 Dec '90</u>	<u>14 Dec '91</u>	<u>1 Dec '90</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Future Capital Expenditure contracted for but not yet provided	642	696	642	690
Authorised by the Directors but not contracted for	5,807	4,170	5,807	4,170

Investments Included in Fixed Assets - Company13 Investments in Group Companies

	<u>COST</u> <u>£000s</u>	<u>PROVISION</u> <u>£000s</u>	<u>NET</u> <u>BOOK</u> <u>AMOUNT</u> <u>£000s</u>
At 1 December 1990	5,946	(787)	5,159
Goodwill Amortisation	-	(392)	(392)
Coffee Hag Co Ltd - written off	(213)	-	(213)
At 14 December 1991	5,733	(1,179)	4,554

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Notes to the Accounts - 14 December 1991 continued

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:

	14 DECEMBER 1991 £000s	1 DECEMBER 1990 £000s
Goodwill amortisation	1,079	687
Accumulated deficits - dormant companies	100	100
	<u>1,179</u>	<u>787</u>

Intangible Assets

14 Group

	14 DECEMBER 1991 £000s	1 DECEMBER 1990 £000s
Goodwill at cost	7,724	5,849
Additions	607	1,875
Amortisation prior years	(1,941)	(1,066)
Amortisation for the period	(964)	(875)
Balance sheet translation SICMA	(5)	8
	<u>5,421</u>	<u>5,791</u>

The additions to goodwill represent £607,000 paid to acquire customer listings, at nil net book value.

Stocks

	Group		Company	
15	14 Dec '91 £000s	1 Dec '90 £000s	14 Dec '91 £000s	1 Dec '90 £000s
Raw materials and consumables	9,908	7,234	8,998	6,521
Work in progress	1,182	1,192	1,147	1,148
Finished goods and goods for resale	16,116	20,757	15,397	15,611
	<u>27,206</u>	<u>29,183</u>	<u>25,542</u>	<u>23,280</u>

Debtors

	Group		Company	
16	14 Dec '91 £000s	1 Dec '90 £000s	14 Dec '91 £000s	1 Dec '90 £000s
Amounts due within one year:-				
Trade debtors	38,344	36,816	34,967	33,534
Amounts owed by subsidiaries	4,238	-	-	9,492
Amounts owed by other group companies	31,105	8,153	31,304	8,153
Other debtors	3,712	210	3,406	210
Prepayment and accrued income	3,062	1,657	2,923	1,418
	<u>80,461</u>	<u>46,836</u>	<u>72,600</u>	<u>52,807</u>

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Notes to the Accounts - 14 December 1991 continued

Creditors: Amounts Falling Due Within One Year

17

	Group		Company	
	14 Dec '91 £000s	1 Dec '90 £000s	14 Dec '91 £000s	1 Dec '90 £000s
Trade creditors	22,847	9,490	21,312	7,851
Short term loans	288	1,256	-	703
Amounts owed to subsidiaries	3,869	-	12,977	15,245
Amounts owed to other group companies	17,937	38,051	17,825	47,632
Taxation	21,535	10,076	19,361	8,418
Other creditors including social security and PAYE	3,932	-	3,379	-
Accruals	11,706	20,450	11,189	20,349
	<u>82,114</u>	<u>79,323</u>	<u>86,043</u>	<u>100,198</u>

Creditors: Amounts Falling Due After More Than One Year

18

	Group		Company	
	14 Dec '91 £000s	1 Dec '90 £000s	14 Dec '91 £000s	1 Dec '90 £000s
Loans from Fellow Subsidiaries	1,597	-	-	-
Bank Loans	688	818	-	-
	<u>2,285</u>	<u>818</u>	<u>-</u>	<u>-</u>

Loan from fellow subsidiary - £1,597,000 is of no fixed term and non interest bearing.

The bank loans are repayable between one to two years.

Called Up Share Capital

19

	14 DECEMBER 1991 £000s	1 DECEMBER 1990 £000s
Authorised Ordinary shares of £1 each	410	410
Allotted, called up and fully paid Ordinary shares of £1 each	<u>75</u>	<u>75</u>

Reserves

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	Share Premium Account £000s	Group Profit and Loss Account £000s	Other Reserves £000s	Total £000s
At the 1 December 1990	1,317	61,106	(204)	62,219
Balance sheet translation SICMA	-	-	327	327
Profit for the period	-	25,169	-	25,169
At the 14 December 1991	<u>1,317</u>	<u>86,275</u>	<u>123</u>	<u>87,715</u>

Notes to the Accounts - 14 December 1991 continuedReserves

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	Share Premium Account £000s	Company Profit and Loss Account £000s	Total £000s
At the 1 December 1990	1,317	36,675	37,992
Profit for the period	-	34,538	34,538
At the 14 December 1991	<u>1,317</u>	<u>71,213</u>	<u>71,530</u>

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

21 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 14 December 1991 has been determined by an independent 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 £1,604,000 (1990 £866,000) and the Company contributions were at the level agreed by the Actuary. An amount of £2,470,000 (1990 £866,000) is included in provisions which represents the excess of the accumulated pension cost over the payment of contributions to the pension fund. Of the £1,604,000 charge for the year and provision, £1,541,000 relates to General Foods Limited and is included in the accounts of that Company.

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.

The movement on the provision is as follows:-

	<u>14 DECEMBER 1991</u> £000s	<u>1 DECEMBER 1990</u> £000s
At the 1 December 1990	866	-
Charged to profit and loss account	<u>1,604</u>	<u>866</u>
At the 14 December 1991	<u>2,470</u>	<u>866</u>

GENERAL FOODS LIMITED AND ITS SUBSIDIARIES

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Notes to the Accounts - 14 December 1991 continued

Guarantees and other financial commitments

22 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>14 DECEMBER 1991</u>		<u>1 DECEMBER 1990</u>	
	<u>Plant and Machinery</u>	<u>Building</u>	<u>Plant and Machinery</u>	<u>Building</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Within 1 year	26	24	351	24
Within 2-5 years	1,590	82	599	82
After 5 years	409	409	-	409
	<u>2,025</u>	<u>515</u>	<u>950</u>	<u>515</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.

Ultimate and immediate Parent Company

- 23 The Directors regard the Company's ultimate and immediate parent company as Philip Morris Companies Inc., incorporated in the United States of America. Copies of the consolidated financial statements for Philip Morris Companies Inc., are available on application to Kraft General Foods Limited, St. George's House, Bayshill Road, Cheltenham, Gloucestershire.