

MANOR BAKERIES LIMITED

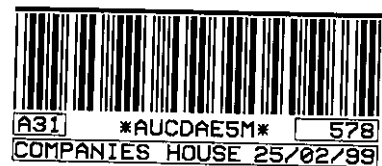
REPORT AND ACCOUNTS

2 MAY 1998

Registered number: 285602

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MANOR BAKERIES LIMITED
DIRECTORS' REPORT

The directors present their report and the financial statements for the fifty-two weeks ended 2 May 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company throughout the year continued to be the production and sale of bakery products.

On 1 May 1998, the company sold its investments in two of its subsidiary undertakings, Gateaux Limited and Kevany Limited, to Tomkins PLC, the ultimate parent company, for total cash consideration of IR£6,949,000, with a sterling equivalent of £5,901,987, resulting in a profit of £5,863,051.

The directors are pleased with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

The directors consider the company's financial position at the end of the year to have been satisfactory.

DIVIDENDS AND APPROPRIATIONS

An interim dividend of £24,694,757 has been paid during the year. The directors do not recommend payment of a final dividend.

RESEARCH AND DEVELOPMENT

Applied research and development work continues to be directed towards the introduction of new and improved products, the application of new technology to reduce unit and operating costs and to improve service to customers.

DIRECTORS

I. A. Duncan, a director of the company, is a director of the ultimate parent company, Tomkins PLC.

The other directors, and their interests in the ordinary shares of Tomkins PLC, are:

	Fully paid shares		Options to purchase shares			
	2 May 1998	3 May 1997*	2 May 1998	Granted during year	Exercised during year	3 May 1997*
A. J. R. Brown	21,705	21,007	26,341	11,592	-	14,749
H. M. David	21,599	20,610	48,580	10,710	23,798	63,118
D. W. Hall	21,626	20,623	44,038	12,592	30,129	61,575
G. S. Plews	1,979	1,333	65,593	22,000	-	43,593
- (appointed 1 November 1997)						
M. J. Schurch	25,870	28,391	51,115	12,592	59,824	98,347

* or later date of appointment

During the year H. M. David forfeited options to purchase 1,450 shares.

J. J. Varney retired as a director of the company on 31 December 1997.

P. C. Rason resigned as a director of the company on 31 March 1998.

No director had any material interest in any contract or arrangement subsisting during the year with the company.

DISABLED PERSONS

The company gives sympathetic consideration to applications for vacancies from disabled persons when particular job requirements are considered to be within their capabilities. The company also endeavours to provide equal opportunity in the training, promotion and career development of disabled persons.

MANOR BAKERIES LIMITED
DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The company recognises the value of comprehensive employment policies, designed to identify employees with the company and to apply their knowledge and skills towards its success.

All eligible employees are invited to participate in the Tomkins Savings Related Share Option Scheme No.2 which provides an opportunity to purchase shares in Tomkins PLC (the ultimate parent company) under the rules of the Scheme.

YEAR 2000

The company is well aware of the risks that businesses face if computer systems fail to cope adequately with the date change to the new millennium and regularly reviews and updates systems. It has been seeking to ensure for some time that all systems or modifications are "Year 2000 compliant", that risks have been identified and the necessary steps taken to deal with any problems arising. Appropriately skilled engineering staff are carrying out an inventory of all embedded chips and the suppliers of those chips are being asked to confirm compliance. Whilst it is not possible for any organisation to give an absolute assurance that Year 2000 compliance can be achieved in full, the directors are satisfied that appropriate action is being taken to minimise the risks involved.

The costs of preparation for the Year 2000 will be included within the normal activities of the departments involved. The cost of modifications to computer hardware and software is estimated at £642,000, of which £495,000, being new equipment and system enhancements, will be capitalised and the remainder expensed. The costs will be spread over the next two years.

ECONOMIC AND MONETARY UNION

The company is preparing for the introduction of the single currency, the 'Euro' on 1 January 1999, which will affect companies even outside the original eleven participants. Action is being taken to ensure that systems can handle the introduction of the Euro and that staff receive the appropriate training. The cost associated with the advent of the Euro is estimated at £200,000.

PAYMENT POLICY

The company's policy is to determine terms and conditions of payment with suppliers when negotiating each transaction, ensure that suppliers are made aware of the agreed terms and how disputes are to be settled and to abide by the terms of payment.

The number of days credit taken by the company for trade purchases at 2 May 1998 was 46 days (1997 - 48 days).

STATUTORY DISPENSATION

The company has in force, under Section 379A of the Companies Act 1985, an election dispensing with the laying of accounts and reports before the company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

Approved by the Board on 17 July 1998
and signed on its behalf by



D. P. BURTON
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit for the year. In preparing those financial statements, the directors are required to:

- i. select suitable accounting policies and apply them consistently;
- ii. make judgments and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv. prepare the financial statements on the 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 which enable them to ensure that the financial statements 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.

AUDITORS' REPORT TO THE MEMBERS OF MANOR BAKERIES LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 judgments made by the directors in the preparation of the financial statements 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 considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 2 May 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN

Chartered Accountants and Registered Auditors

London

17 July 1998

MANOR BAKERIES LIMITED
PROFIT AND LOSS ACCOUNT

YEAR ENDED 2 MAY 1998

	Notes	1998 £000	1997 £000
Turnover	1	257,329	256,750
Operating profit after management charges	1 & 2	27,168	14,395
Profit on disposal of investment in subsidiary undertakings	7	5,863	-
Profit on ordinary activities before interest		33,031	14,395
Interest (net)	3	(15)	(17)
Profit on ordinary activities before tax		33,016	14,378
Tax on profit on ordinary activities	5	(8,321)	(1,313)
Profit on ordinary activities after tax		24,695	13,065
Dividend		(24,695)	(5,000)
Retained profits/(deficiency) at 3 May 1997		1,506	(6,578)
Transfer from revaluation reserve	14	20	19
Retained profits at 2 May 1998		1,526	1,506

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in either year, other than the profit on ordinary activities after tax for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1998 £000	1997 £000
Profit on ordinary activities before tax	33,016	14,378
Adjustment of depreciation to historical cost basis	20	19
Historical cost profit on ordinary activities before tax	33,036	14,397
Historical cost retained profit for the year	20	8,084

MANOR BAKERIES LIMITED
BALANCE SHEET

AS AT 2 MAY 1998

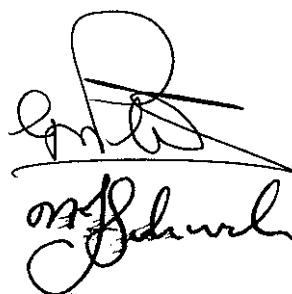
	Notes	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	6	62,482	63,738
Investments	7	74	97
		<u>62,556</u>	<u>63,835</u>
CURRENT ASSETS			
Stock	8	6,707	7,105
Debtors - amounts falling due within one year	9	28,062	28,268
Debtors - amounts falling due after more than one year	9	2,254	-
		<u>37,023</u>	<u>35,373</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	10	(42,141)	(39,016)
NET CURRENT LIABILITIES		<u>(5,118)</u>	<u>(3,643)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>57,438</u>	<u>60,192</u>
Creditors - amounts falling due after more than one year	11	(1,389)	(4,343)
Provisions for liabilities and charges	12	(4,073)	(3,873)
NET ASSETS		<u>51,976</u>	<u>51,976</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Share premium account		5	5
Revaluation reserve	14	445	465
Profit and loss account		1,526	1,506
SHAREHOLDERS' FUNDS - EQUITY	15	<u>51,976</u>	<u>51,976</u>

Approved by the Board on 17 July 1998
and signed on its behalf by

G. S. PLEWS

M. J. SCHURCH

)
)
) Directors
)
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Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of certain fixed assets.

Accounting period

The accounts are for the fifty-two weeks ended 2 May 1998. In 1997 the accounts were for the fifty-three weeks ended 3 May 1997.

Turnover

Turnover comprises sales in the ordinary course of business to customers for goods supplied and services provided, exclusive of value added tax.

Research and development

Expenditure on research and development and on patents and trade marks is written off in the year in which it is incurred.

Fixed assets

Fixed assets are stated at cost or valuation net of depreciation. Freehold land is not depreciated. Depreciation of tangible fixed assets, other than freehold land, is provided on the straight line basis over anticipated useful lives:

Freehold buildings	- Twenty-five to fifty years
Long leasehold land and buildings	- Thirty-five to fifty years
Short leasehold land and buildings	- Length of lease
Plant, equipment and vehicles	- Three to twenty years

Operating leases

Operating lease rentals are charged to the profit and loss account on the straight line basis over the periods of the leases.

Employee share schemes

The costs of awards to employees that take the form of shares in Tomkins PLC (the ultimate parent company) or rights to those shares (including conditional rights) held under the Tomkins Employee Share Trust are charged to the profit and loss account over the periods to which the employees' performance relates.

Finance leases

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. The capitalised values of the assets are written off on the straight line basis over the shorter of the periods of the leases or the useful lives of the asset concerned. The interest element of lease payments is allocated so as to produce a constant periodic rate of charge.

Investments

Fixed asset investments are stated at cost less amounts written off where, in the opinion of the directors, there has been a permanent diminution in the value of an investment.

Stock

Stock is valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items. Net realisable value is estimated selling price less cost to complete and sell. Finished goods and goods held for resale include an appropriate proportion of overhead expense.

Goodwill

Goodwill, being the excess of the cost of an acquisition over the fair values attributed to the net assets at acquisition, is charged directly to reserves in the year of acquisition.

Tax

The tax charge is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes. Deferred tax is calculated under the liability method and it is considered probable that all liabilities will crystallise.

In accordance with the requirements of the ultimate parent undertaking, the company makes or receives payment in respect of group relief and advance corporation tax surrendered at 100% of the value of the relief given. In prior years, the company did not make or receive payment for group relief or advance corporation tax surrendered.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, or at composite rates specified in related forward contracts.

Transactions in foreign currencies are translated at the rate ruling at the date of each transaction, or at composite rates at which forward cover exists.

Exchange differences arising out of day to day business transactions are included in operating results.

Pension benefits

The cost of the defined benefit pension plan is charged to the profit and loss account so as to spread the cost over the employees' working lives with the company.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account in equal instalments over the anticipated useful lives of the assets to which the grants relate. Other grants are credited to the profit and loss account when they are received.

1 TURNOVER AND OPERATING PROFIT

a. Turnover and operating profit are attributable to the principal activity of the company.

b. Turnover by geographical destination	1998 £000	1997 £000
United Kingdom	247,928	246,374
Rest of Europe	7,355	7,547
Rest of the World	2,046	2,829
	<u>257,329</u>	<u>256,750</u>
c. Operating expenses (net)	1998 £000	1997 £000
Cost of sales	157,562	163,451
Distribution costs	58,778	59,656
Administration expenses	13,938	13,595
Other operating (income)/expenses	(117)	5,653
	<u>230,161</u>	<u>242,355</u>

2 OPERATING PROFIT

is stated after charging/(crediting):

	1998 £000	1997 £000
Depreciation of fixed assets	11,261	10,792
Depreciation of fixed assets held under finance leases	59	268
Profit on disposal of fixed assets	(507)	-
Government grants	(30)	(13)
Hire of plant & machinery under operating leases	155	325
Rents under other operating leases	1,577	2,201
Auditors - audit fee and expenses	51	55
Auditors - fees for non-audit services	3	5
Research and development	292	291
Exceptional items:		
Rationalisation and reorganisation expenses	-	7,871
Write down of fixed assets as a result of appraisal during year	-	804

3 INTEREST (NET)

Interest receivable:
Other interest receivable

Interest payable:

Finance lease interest
Other interest payable

	1998 £000	1997 £000
Other interest receivable	2	-
Finance lease interest	(16)	(17)
Other interest payable	(1)	-
	<u>(17)</u>	<u>(17)</u>
	<u>(15)</u>	<u>(17)</u>

4 DIRECTORS AND EMPLOYEES

The information below excludes I. A. Duncan who is also a director of Tomkins PLC, the ultimate parent company, and a number of other group companies. No part of his remuneration is specifically attributable to his services to Manor Bakeries Limited. Full details of his remuneration are disclosed in the accounts of Tomkins PLC (see note 20). The following information relates solely to the executive directors of the company.

Remuneration

The aggregate remuneration of the directors of the company was as follows:

	1998 £000	1997 £000
Emoluments for services to the company	687	677

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received or receivable under long-term incentive schemes. Five of the executive directors exercised share options in the year (1997 - one). None of the executive directors received shares under a long-term incentive plan in either year.

Pensions

All the executive directors who served during both years were members of the defined benefit plan.

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	1998 £000	1997 £000
Emoluments	113	161

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 2 May 1998 was £13,000 (3 May 1997 - £73,000).

During the year the highest paid director exercised options in respect of 59,824 shares but did not receive any shares under a long-term incentive scheme.

No director had a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the other directors, requires disclosure.

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

	1998 Number	1997 Number
Production	2,010	1,420
Selling and distribution	868	1,045
Administration	132	151
	3,010	2,616

4 DIRECTORS AND EMPLOYEES - continued

Staff costs, including directors, were:

	1998 £000	1997 £000
Wages and salaries	52,108	54,628
Social security costs	3,993	3,972
Pension costs (see note 18)	2,761	2,892
	<u>58,862</u>	<u>61,492</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £000	1997 £000
Corporation tax at 31% (1997 - 33%)	8,121	(307)
Deferred tax at 31% (1997 - 33%) (see note 12)	200	1,620
	<u>8,321</u>	<u>1,313</u>

6 TANGIBLE FIXED ASSETS

	Total £000	Land and buildings £000	Plant, equipment and vehicles £000
Cost or valuation			
At 3 May 1997	149,569	24,721	124,848
Additions	10,761	1,585	9,176
Transfers from group undertakings	58	-	58
Transfers to group undertakings	(128)	(49)	(79)
Disposals	(12,706)	(2,324)	(10,382)
At 2 May 1998	<u>147,554</u>	<u>23,933</u>	<u>123,621</u>
Depreciation			
At 3 May 1997	85,831	9,000	76,831
Charge for the year	11,320	1,000	10,320
Transfers from group undertakings	12	-	12
Transfers to group undertakings	(63)	(12)	(51)
Eliminated on disposals	(12,028)	(1,953)	(10,075)
At 2 May 1998	<u>85,072</u>	<u>8,035</u>	<u>77,037</u>
Net book value			
At 3 May 1997	<u>63,738</u>	<u>15,721</u>	<u>48,017</u>
At 2 May 1998	<u>62,482</u>	<u>15,898</u>	<u>46,584</u>

Freehold land amounting to £619,000 (1997 - £693,000) is not depreciated.

The net book value of plant, equipment and vehicles includes £9,000 (1997 - £68,000) in respect of assets held under finance leases where secondary rentals only are being paid.

6 TANGIBLE FIXED ASSETS - continued

The net book value of land and buildings comprises:

	1998 £000	1997 £000
Freehold properties	13,922	13,989
Long leasehold properties	165	571
Short leasehold properties	1,811	1,161
	<u>15,898</u>	<u>15,721</u>

Land and buildings include assets of £2,400,000 (1997 - £3,070,000) carried at valuation. The assets were revalued in 1978 on the basis of their open market value for continuation of existing use.

On the historical cost basis, land and buildings would have been included at:

	1998 £000	1997 £000
Cost	23,110	23,737
Aggregate depreciation	(7,657)	(8,480)
	<u>15,453</u>	<u>15,257</u>

7 FIXED ASSET INVESTMENTS

	Total £000	Tomkins PLC shares £000	Subsidiary undertakings £000
At 3 May 1997	97	53	44
Addition	27	27	-
Transfers to group undertakings	(39)	-	(39)
Amortisation	(11)	(11)	-
At 2 May 1998	<u>74</u>	<u>69</u>	<u>5</u>

The net book value of the Tomkins PLC shares is stated at cost after deducting cumulative amortisation of £14,000 (1997 - £3,000). They represent the ordinary shares of 5p each of Tomkins PLC, the ultimate parent company, acquired by the Trustees of the Tomkins Employee Share Trust, in the open market. The shares have been acquired to meet the requirements of the Tomkins Long Term Incentive Plans, details of which are included in the accounts of Tomkins PLC (see note 20). The market value of the shares in the accounts of the company at 2 May 1998 was £106,000 (1997 - £54,000).

On 1 May 1998, the company sold its investments in two of its subsidiary undertakings, Kevany Limited and Gateaux Limited, to Tomkins PLC, the ultimate parent company, for total cash consideration of IR£6,949,000, with a sterling equivalent of £5,901,987, resulting in a profit of £5,863,051.

The company's remaining subsidiary undertaking is Lyons Cakes Limited. The subsidiary undertaking is wholly owned and does not trade.

MANOR BAKERIES LIMITED
NOTES TO THE ACCOUNTS

YEAR ENDED 2 MAY 1998

8	STOCK	1998 £000	1997 £000
	Raw materials	2,644	2,610
	Finished goods and goods held for resale	4,063	4,495
		<u>6,707</u>	<u>7,105</u>
9	DEBTORS	1998 £000	1997 £000
	Amounts falling due within one year:		
	Trade debtors	23,490	23,275
	Amounts owing by group undertakings	1,518	1,457
	Taxes and social security	1,620	1,792
	Other debtors	1	294
	Prepayments and accrued income	1,433	1,450
		<u>28,062</u>	<u>28,268</u>
	Amounts falling due after more than one year:		
	Amounts owing by group undertakings	2,254	-
		<u>30,316</u>	<u>28,268</u>
The amounts falling due after more than one year owing by group undertakings are interest free and have no specified terms of repayment. None of the parties anticipate that any substantial part thereof will be repaid within the next twelve months.			
10	CREDITORS - amounts falling due within one year	1998 £000	1997 £000
	Other loan (see note 11)	100	100
	Obligations under finance leases	-	2
	Trade creditors	19,600	21,284
	Amounts owing to group undertakings	871	1,634
	Tax	8,123	1,524
	Taxes and social security	1,292	1,302
	Other creditors	2,999	3,721
	Accruals and deferred income	9,156	9,449
		<u>42,141</u>	<u>39,016</u>
Some suppliers include in their conditions of sale a clause under which they reserve title to goods supplied until they are paid. These goods are included in stock.			
11	CREDITORS - amounts falling due after more than one year	1998 £000	1997 £000
	Other loan	1,067	1,167
	Amounts owing to group undertakings	-	2,824
	Accruals and deferred income	322	352
		<u>1,389</u>	<u>4,343</u>

MANOR BAKERIES LIMITED
NOTES TO THE ACCOUNTS

YEAR ENDED 2 MAY 1998

11	CREDITORS - amounts falling due after more than one year - continued	1998 £000	1997 £000
	Other loan repayable:		
	Between one and two years	100	100
	Between two and five years	300	300
	Over five years	667	767
		<hr/>	<hr/>
		1,067	1,167
	Within one year (see note 10)	100	100
		<hr/>	<hr/>
		1,167	1,267
		<hr/>	<hr/>
	The loan is unsecured and interest free.		
12	PROVISIONS FOR LIABILITIES AND CHARGES	1998 £000	1997 £000
	Deferred tax		
	At 3 May 1997	3,873	2,253
	Charge for the year (see note 5)	200	1,620
		<hr/>	<hr/>
	At 2 May 1998	4,073	3,873
		<hr/>	<hr/>
	The deferred tax provision comprises:		
	Excess of capital allowances over depreciation charged	5,791	5,700
	Other timing differences	(1,718)	(1,827)
		<hr/>	<hr/>
		4,073	3,873
		<hr/>	<hr/>
13	SHARE CAPITAL	Number	£000
	Authorised		
	Ordinary shares of £1 each		
	At 2 May 1998 and 3 May 1997	50,000,100	50,000
		<hr/>	<hr/>
	Allotted and fully paid		
	Ordinary shares of £1 each		
	At 2 May 1998 and 3 May 1997	50,000,001	50,000
		<hr/>	<hr/>
14	REVALUATION RESERVE	1998 £000	1997 £000
	At 3 May 1997	465	484
	Transfer to profit and loss account	(20)	(19)
		<hr/>	<hr/>
	At 2 May 1998	445	465
		<hr/>	<hr/>

15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1998 £000	1997 £000
	Profit on ordinary activities after tax	24,695	13,065
	Dividend	(24,695)	(5,000)
	Net addition to shareholders' funds	-	8,065
	Shareholders' funds at 3 May 1997	51,976	43,911
	Shareholders' funds at 2 May 1998	51,976	51,976

16 FUTURE CAPITAL EXPENDITURE

Capital expenditure authorised by the directors at the year end but not provided for in the accounts was:

	1998 £000	1997 £000
Contracts placed	1,500	2,262
Contracts not placed	1,488	1,085
	2,988	3,347

17 FINANCIAL COMMITMENTS

There are obligations under operating leases to pay rentals during the next year, which expire:

	Land and buildings		Plant, equipment and vehicles	
	1998 £000	1997 £000	1998 £000	1997 £000
Within one year	226	246	20	33
Between one and five years	168	89	92	14
Over five years	1,183	1,185	13	8
	1,577	1,520	125	55

18 PENSION COMMITMENTS

The company contributes to the RHM Pension Scheme (the "plan"), which is administered by a fellow subsidiary undertaking, to provide benefits based on final pensionable salary for most employees. The assets of the plan are held in separate funds administered by trustees. The pension cost relating to the plan is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The pension cost for the year of £2,761,000 (1997 - £2,892,000) is determined so as to spread the cost of pensions over employees' working lives with the company. Details of the last actuarial valuation are disclosed in the accounts of Ranks Hovis McDougall Limited.

The abolition of the dividend tax credit on UK equity shares introduced by the Finance (No. 2) Act 1997 will reduce investment income but not to such an extent as to affect materially the financial position of the plan. This has been allowed for.

19 GROUP ACCOUNTS

Group accounts have not been prepared since the company is itself a wholly owned subsidiary.

20 RELATED PARTIES

Ranks Hovis McDougall Limited is the company's parent undertaking and Tomkins PLC is the company's ultimate parent company.

Tomkins PLC produces group accounts; copies may be obtained from The Secretary, Tomkins PLC, East Putney House, 84 Upper Richmond Road, London SW15 2ST.

As a wholly owned subsidiary undertaking of Tomkins PLC, in accordance with FRS 8 "Related party disclosures", the company is not required to disclose transactions with other members of the group.