

STOWE FROZEN FOODS LIMITED**1998 ANNUAL REPORT AND ACCOUNTS****REPORT OF THE DIRECTORS**

The directors submit their annual report together with the accounts for the 52 weeks ended 2 January 1999.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company did not trade during the period, and there is no present intention to pursue any activity.

DIRECTORS

The directors of the Company who served during the year are as follows :

A G Clark
A D Frew

The interests of the directors in the share capital of the Company's ultimate holding company United Biscuits (Holdings) plc and options outstanding at the beginning and end of the Company's financial period were as follows :

	<u>Ordinary Shares</u>		<u>Options</u>			
	1998 No.	1997 No.	1998 No.	Granted	Lapsed	1997 No.
A.G. Clark	42,334	45,873	149,673	18,600	11,355	142,428
A.D. Frew	3,471	3,662	229,298	15,900	-	213,398

The Options are exercisable at prices varying from 159p to 400p up to 19 April 2008.

Since the year end, the beneficial shareholdings of A.G. Clark and A.D. Frew have increased by 4,258 and 9,597 ordinary shares respectively.

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year.

The directors are of the opinion that, in preparing these accounts, the Company has used appropriate and consistently applied accounting policies, supported by reasonable and prudent estimates and judgements. All applicable accounting standards have been followed.

The directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act



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The directors also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

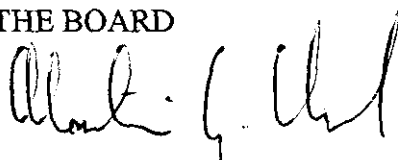
DIVIDEND

The directors do not recommend the payment of a dividend.

AUDITORS

Auditors have not been appointed in accordance with the provisions of Section 250 of the Companies Act 1985.

ON BEHALF OF THE BOARD



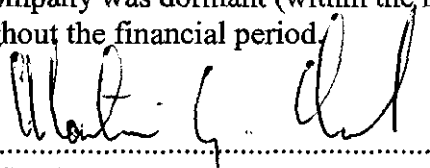
A. G. CLARK
Director

18 October 1999

BALANCE SHEET AT 2 JANUARY 1999

	Note	2 January 1999 £	3 January 1998 £
Fixed Assets			
Investment in subsidiary undertakings	2	-	-
Current assets			
Debtors			
Amount due from group company		<u>176,966</u>	<u>176,966</u>
Capital and reserves			
Called up equity share capital			
Authorised, allotted and fully paid ordinary shares of £1 each		130,000	130,000
Profit and loss account		<u>46,966</u>	<u>46,966</u>
		<u>176,966</u>	<u>176,966</u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the financial period.



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DIRECTOR
18 October 1999

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NOTES TO THE ACCOUNTS AT 2 JANUARY 1999

1. Activity and basis of accounting

The company did not trade during the period. The accounts have been prepared on the historical cost basis of accounting.

2. Investments

Investments consist of 100% of ordinary shares at cost in Moray Freezing and Cold Storage Company Limited a non-trading company, which is registered in Scotland.

Group accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in Great Britain.

In the opinion of the directors, the value of the company's investment in its subsidiary is not less than the amount at which it is stated in the balance sheet.

3. Ultimate holding company

The ultimate holding company is United Biscuits (Holdings) plc which is registered in Scotland and incorporated in Great Britain. Copies of the group accounts can be obtained from Church Road, West Drayton, Middlesex, UB7 7PR.