

Associated Cold Stores and Transport Limited

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Annual report for the year ended 31 December 1995

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Directors and advisers

Directors

D Bowley (Chairman)
M L Harness
A R M Maconachie
B J Miller
A J P Sharman
D K W Watt
A P J Dodd

Secretary and registered office

G S G Brown
The Gatehouse
16 Arlington Street
LONDON
SW1A 1RD

Registered Auditors

Coopers & Lybrand
Albion Court
5 Albion Place
LEEDS
LS1 6JP

Bankers

Midland Bank plc
20 Eastcheap
LONDON
EC3M 1ED

Directors' report for the year ended 31 December 1995

The directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal activities

The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing.

Review of business

The profit and loss account for the year is set out on page 6.

The directors are pleased to report a satisfactory year's trading. The company's year end financial position was satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors recommend a final ordinary dividend of £1,389,000 for the year ended 31 December 1995.

After payment of the above dividend the retained profit for the financial year of £694,961 will be transferred to reserves.

Changes in fixed assets

Significant changes in fixed assets during the year are set out in notes 10 and 11 to the financial statements.

Directors

The directors of the company at 31 December 1995, all of whom have been directors for the whole of the year ended on that date, except as detailed below, are listed on page 1.

Mr D M Nurse retired from his position as a director on 31 March 1995.

Mr A P J Dodd was appointed as a director on 1 January 1995.

Directors' interests

Mr D Bowley is a director of Linton Park plc and his interest in shares and loan stock of other group companies is shown in the Directors' Report of that company. None of the other directors who held office at the end of the year had any interest in the shares of the company, or other group companies as recorded in the Registrar of Directors' Interests.

Insurance of directors

The company maintains insurance for the directors in respect of their duties as directors of the company.

Employees

The company's policy is to consult and discuss with employees matters likely to affect their interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate.

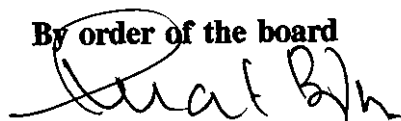
Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



G S G Brown
Company Secretary
24 April 1996

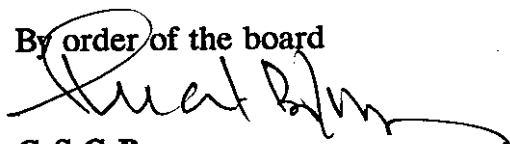
Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



G S G Brown
Company Secretary
24 April 1996

**Report of the auditors to the members of
Associated Cold Stores and Transport Limited**

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 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 judgements 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 the company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

Leeds

24 April 1996

**Profit and loss account
for the year ended 31 December 1995**

	Notes	1995 £	1994 £
Turnover	2	20,401,929	19,389,657
Cost of sales		(14,111,575)	(12,859,362)
Gross profit		6,290,354	6,530,295
Administrative expenses		(3,166,818)	(3,091,274)
Operating profit		3,123,536	3,439,021
Exceptional profit on disposal of fixed assets	5	176,313	-
Exceptional charge on leasehold property	5	(200,000)	-
		3,099,849	3,439,021
Interest receivable		28,350	100,020
Interest payable and similar charges	6	(477,769)	(378,056)
Profit on ordinary activities before taxation	7	2,650,430	3,160,985
Tax on profit on ordinary activities	8	(566,469)	(773,178)
Profit on ordinary activities after taxation		2,083,961	2,387,807
Dividends	9	(1,389,000)	(3,352,707)
Retained profit/(sustained loss) for the year	19	694,961	(964,900)

All of the operations included in the profit and loss account above relate to continuing operations.

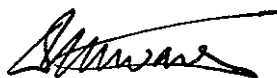
The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	10	<u>22,549,893</u>	<u>20,473,912</u>
Current assets			
Stocks	12	228,656	265,182
Debtors	13	4,805,429	4,165,788
Cash at bank and in hand		2,662	4,468
		<u>5,036,747</u>	<u>4,435,438</u>
Creditors: amounts falling due within one year	14	<u>(7,041,186)</u>	<u>(6,591,900)</u>
Net current liabilities		<u>(2,004,439)</u>	<u>(2,156,462)</u>
Total assets less current liabilities		<u>20,545,454</u>	<u>18,317,450</u>
Creditors: amounts falling due after more than one year	15	<u>(5,549,774)</u>	<u>(4,016,731)</u>
Net assets		<u>14,995,680</u>	<u>14,300,719</u>
Capital and reserves			
Called up share capital	18	9,000,000	9,000,000
Profit and loss account	19	5,995,680	5,300,719
Equity shareholders' funds	20	<u>14,995,680</u>	<u>14,300,719</u>

The financial statements on pages 6 to 18 were approved by the board of directors on 24 April 1996 and were signed on its behalf by:




D K W Watt
B J Miller
Directors

Notes to the financial statements for the year ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold and leasehold properties.

Cash flow statement

During the year the company was a wholly owned sub-subsiary of Linton Park plc which publishes consolidated financial statements. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing its own cash flow statement.

Turnover

Turnover represents amounts received and receivable for goods and services supplied to customers during the year, excluding value added tax.

Tangible fixed assets

Depreciation of tangible fixed assets is charged on a straight line basis so as to write off the cost or valuation of the assets, less any residual value, over their expected useful lives, which are as follows:

Freehold buildings	10 - 35 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant and equipment	4 - 30 years
Motor vehicles	4 - 10 years

Freehold land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under hire purchase contracts. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under hire purchase contracts are depreciated over the useful lives of equivalent owned assets.

1 Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision has been made for obsolete and slow moving items.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange are credited or charged directly to the profit and loss account.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences arising from the treatment of certain items for accounting and taxation purposes. Provision is only made where these differences are expected to reverse in the foreseeable future.

Pension costs

The cost of providing pensions is charged to the profit and loss account systematically over the periods benefitting from the employees' services in accordance with Statement of Standard Accounting Practice Number 24. Pension arrangements are detailed in note 17.

2 Turnover

	1995 £	1994 £
Geographical segment		
United Kingdom	20,275,121	18,938,390
EEC (other than UK)	126,808	412,119
Europe (outside EEC)	-	39,148
	<u>20,401,929</u>	<u>19,389,657</u>

3 Directors' emoluments

	1995 £	1994 £
Emoluments (including pension contributions and benefits in kind)	<u>321,078</u>	<u>303,984</u>

3 Directors' emoluments (continued)

In addition, Mr D M Nurse entered into a one year consultancy agreement with the company from 1 April 1995 following his retirement, under which £35,000 is payable to him for advisory services. The amounts payable in respect of fees and other expenses during 1995 amounted to £31,410.

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1995 £	1994 £
The Chairman	Nil	Nil
The highest paid director	54,107	72,373

The number of other directors who received emoluments (excluding pension contributions) within the following ranges was:

	1995 Number	1994 Number
£0 to £5,000	-	1
£25,001 to £30,000	1	-
£35,001 to £40,000	1	3
£40,001 to £45,000	3	1
£45,001 to £50,000	1	-
£50,001 to £55,000	-	1

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1995 Number	1994 Number
By activity		
Management	25	26
Administration	33	35
Production and sales	295	276
	353	337

	1995 £	1994 £
Staff costs (for the above persons)		
Wages and salaries	5,876,028	5,760,963
Social security costs	482,983	481,867
Other pension costs (see note 17)	227,149	231,731
	6,586,160	6,474,561

5 Exceptional items

An exceptional profit of £176,313 arose during 1995, following the disposal of two of the company's properties. The exceptional profit had no impact on the 1995 taxation charge. In addition, a provision has been made of £200,000 which it is anticipated will be required on the disposal of a leasehold property. The taxation charge for the year was reduced by £66,000 as a consequence of this provision.

6 Interest payable and similar charges

	1995 £	1994 £
On bank loans and overdrafts:		
Repayable within 5 years, by instalments	62,056	106,335
Repayable wholly or partly in more than 5 years, by instalments	276,114	132,305
	<u>338,170</u>	<u>238,640</u>
On hire purchase contracts	139,598	139,416
	<u>477,768</u>	<u>378,056</u>

7 Profit on ordinary activities before taxation

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	218,739	19,415
Retrospective rates rebates	124,397	270,419
	<u></u>	<u></u>
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	1,355,896	1,307,161
Tangible fixed assets held under finance leases	478,561	418,885
Auditors' remuneration for:		
Audit	16,840	14,140
Non-audit services	5,000	-
Hire of plant and machinery - operating leases	8,437	3,058
Hire of other assets - operating leases	341,096	296,177
	<u></u>	<u></u>

8 Tax on profit on ordinary activities

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994: 33%):		
Current	560,942	870,159
Under/(over)provision in respect of prior years:		
Current	5,527	(96,981)
	<u>566,469</u>	<u>773,178</u>

9 Dividends

	1995 £	1994 £
Dividends on ordinary shares		
Interim	-	3,352,707
Final proposed	1,389,000	-
	<u>1,389,000</u>	<u>3,352,707</u>

10 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 1995	11,518,373	21,223,721	1,173,230	33,915,324
Additions	1,478,920	2,423,293	127,096	4,029,309
Disposals	(159,043)	(718,337)	-	(877,380)
At 31 December 1995	<u>12,838,250</u>	<u>22,928,677</u>	<u>1,300,326</u>	<u>37,067,253</u>
Depreciation				
At 1 January 1995	3,046,028	9,661,531	733,853	13,441,412
Charge for the year	316,375	1,393,798	124,285	1,834,458
Disposals	(49,806)	(708,704)	-	(758,510)
At 31 December 1995	<u>3,312,597</u>	<u>10,346,625</u>	<u>858,138</u>	<u>14,517,360</u>
Net book value				
At 31 December 1995	<u>9,525,653</u>	<u>12,582,052</u>	<u>442,188</u>	<u>22,549,893</u>
Net book value				
At 31 December 1994	<u>8,472,345</u>	<u>11,562,190</u>	<u>439,377</u>	<u>20,473,912</u>
Cost or valuation at 31 December 1995 is represented by				
Valuation in				
1978	3,232,957	-	-	3,232,957
1983	327,000	-	-	327,000
Cost	9,278,293	22,928,677	1,300,326	33,507,296
	<u>12,838,250</u>	<u>22,928,677</u>	<u>1,300,326</u>	<u>37,067,253</u>

Land and buildings were valued at open market value for existing use for the purposes of the 1978 and 1983 financial statements.

10 Tangible fixed assets (continued)

Land and buildings at net book value comprise:

	1995 £	1994 £
Freeholds	8,783,812	7,577,819
Long leaseholds	181,589	307,727
Short leaseholds	560,253	586,799
	<u>9,525,654</u>	<u>8,472,345</u>

If land and buildings had not been revalued they would have been included at the following amounts:

	1995 £	1994 £
Cost	13,028,165	11,672,283
Aggregate depreciation based on cost	<u>(3,536,310)</u>	<u>(3,294,971)</u>
	<u>9,491,855</u>	<u>8,377,312</u>

The net book value of plant and equipment includes an amount of £2,360,720 (1994: £2,704,588) in respect of assets held under hire purchase contracts.

11 Fixed asset investments

	£
Cost at 1 January 1995 and 31 December 1995	<u>25,715</u>
Amounts written off at 1 January 1995 and 31 December 1995	<u>25,715</u>
Net book value at 1 January 1995 and 31 December 1995	<u>-</u>

Interest in group undertaking

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares and voting rights held by the company
Associated Continental Services NV	Belgium	Ordinary shares of 1,000 Belgian Francs	100%

The above company operated as a transport company principally in its country of incorporation. It was incorporated and commenced trading during 1993. Associated Continental Services NV ceased trading in December 1993. In accordance with Section 229 of the Companies Act 1985, consolidated financial statements have not been prepared because its inclusion is not material for the purpose of giving a true and fair view.

12 Stocks

	1995 £	1994 £
Raw materials and consumables	<u>228,656</u>	<u>265,182</u>

13 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	4,150,706	3,615,543
Other debtors	102,313	744
Advance corporation tax recoverable	-	119,776
Prepayments and accrued income	552,411	429,725
	<u>4,805,430</u>	<u>4,165,788</u>

14 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank loans and overdrafts	1,344,096	970,929
Obligations under hire purchase contracts	656,749	720,192
Trade creditors	1,948,614	1,637,859
Amounts owed to parent and fellow subsidiary undertakings	1,780	420
Corporation tax payable	558,801	919,153
Other taxation and social security payable	764,327	628,307
Accruals and deferred income	977,819	814,169
Dividends payable	789,000	900,871
	<u>7,041,186</u>	<u>6,591,900</u>

15 Creditors: amounts falling due after one year

	1995 £	1994 £
Bank loans	4,657,500	2,645,000
Obligations under hire purchase contracts	892,274	1,371,731
	<u>5,549,774</u>	<u>4,016,731</u>

15 Creditors: amounts falling due after one year (continued)

Bank loans and overdrafts

	1995 £	1994 £
Repayable as follows:		
In one year or less	1,344,096	970,929
Between one and two years	570,000	1,050,000
Between two and five years	1,710,000	660,000
In five years or more	2,377,500	935,000
	<u>6,001,596</u>	<u>3,615,929</u>

Bank loans include a loan for £400,000 that is repayable other than by instalments by 28 April 1996. In addition, bank loans totalling £1,815,000 are repayable by equal quarterly instalments over the period up to February 2004. The remaining bank loan of £3,412,500 is repayable by equal quarterly instalments over the period up to August 2005. Interest is payable at various rates on the above loans, up to maximum of 1% above LIBOR.

Included within bank loans and overdrafts is a loan under which £3,412,500 was outstanding at 31 December 1995, which is secured by a mortgage on one of the company's freehold properties.

Hire purchase contracts

The net obligations to which the company is committed under hire purchase contracts are as follows:

	1995 £	1994 £
In one year or less	656,749	720,192
Between one and two years	496,871	600,969
Between two and five years	395,403	770,762
	<u>1,549,023</u>	<u>2,091,923</u>

16 Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1995	1994	1995	1994
	£	£	£	£
Tax effect of timing differences because of Excess of tax allowances over depreciation	-	-	3,411,664	3,223,141
	<u>-</u>	<u>-</u>	<u>3,411,664</u>	<u>3,223,141</u>

17 Pensions

The company participates in the group pension schemes operated by Associated Fisheries plc and funded by contributions from members and from the company. One scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 30 June 1994. Particulars of the valuation are contained in the financial statements of Linton Park plc.

The other scheme is a defined contribution scheme. This scheme has an independently administered fund and contributions are charged to the profit and loss account when payable.

The total cost for the company in the year ended 31 December 1995 was £227,149 (1994: £231,731).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year in respect of either scheme.

18 Called up share capital

	1995	1994
	£	£
Authorised, allotted, called up and fully paid 9,000,000 ordinary shares of £1 each	9,000,000	9,000,000
	<u>9,000,000</u>	<u>9,000,000</u>

19 Profit and loss account

£

At 1 January 1995	5,300,719
Retained profit for the year	694,961
	<hr/>
At 31 December 1995	<u>5,995,680</u>

20 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	2,083,961	2,387,807
Dividends	(1,389,000)	(3,352,707)
New share capital issued	-	8,672,250
	<hr/>	<hr/>
Net addition to shareholders' funds	694,961	7,707,350
Opening shareholders' funds	14,300,719	6,593,369
	<hr/>	<hr/>
Closing shareholders' funds	<u>14,995,680</u>	<u>14,300,719</u>

21 Capital commitments

	1995 £	1994 £
Future capital expenditure		
Contracted but not provided for	179,970	106,300
	<hr/>	<hr/>
Authorised but not contracted for	-	3,504,000
	<hr/>	<hr/>

22 Contingent liabilities

The company has entered into a cross guarantee with Associated Fisheries plc and certain fellow undertakings in respect of advances and borrowings from Midland Bank plc. At 31 December 1995 the aggregate of these advances and borrowings was £1,351,186 (1994: £7,665,941).

23 Financial commitments

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as follows:-

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	3,500	12,394	2,000	41,975
Expiring between two and five years inclusive	-	198,204	-	50,850
Expiring in over five years	170,141	-	171,316	-
	<u>173,641</u>	<u>210,598</u>	<u>173,316</u>	<u>92,825</u>

24 Ultimate and immediate parent companies

The directors regard Camellia Investments plc, a company incorporated in Great Britain and registered in England, as the ultimate parent company. The company's immediate parent company is Associated Fisheries plc, a company registered in England. Copies of the ultimate parent company's consolidated financial statements may be obtained from The Gatehouse, 16 Arlington Street, London, SW1A 1RD.