

Associated Cold Stores and Transport Limited

Annual report for the year ended 31 December 1996

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Directors and advisers

Directors

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

Secretary and registered office

G S G Brown
Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

Registered Auditors

Coopers & Lybrand
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Bankers

Midland Bank plc
20 Eastcheap
LONDON
EC3M 1ED

Directors' report for the year ended 31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

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

The directors recommend a final ordinary dividend of £802,700 for the year ended 31 December 1996.

Directors

The directors of the company at 31 December 1996, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

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 Register of Directors' Interests.

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.

Creditor payment policy

In respect of certain suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, ensure that the suppliers are made aware of the terms and then to abide by those terms.

In respect of other suppliers it is not the company's policy to settle the terms of payment when agreeing the terms of the related transaction.

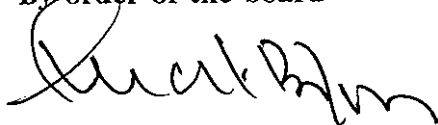
Taxation status

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
1 May 1997

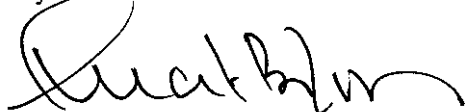
Statement of directors' responsibilities

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 1996. The directors also confirm that applicable accounting standards have been followed and that the financial 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

A handwritten signature in black ink, appearing to read 'G S G Brown', written over a horizontal line.

G S G Brown
Company Secretary
1 May 1997

**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.

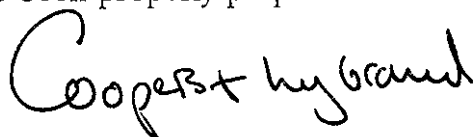
Basis of opinion

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Leeds

6 May 1997

**Profit and loss account
for the year ended 31 December 1996**

	Notes	1996 £	1995 £
Turnover	2	23,520,536	20,401,929
Cost of sales		(16,503,320)	(14,111,575)
Gross profit		7,017,216	6,290,354
Administrative expenses		(3,564,919)	(3,166,818)
Operating profit		3,452,297	3,123,536
Exceptional profit on disposal of fixed assets		-	176,313
Exceptional charge on leasehold property		-	(200,000)
		3,452,297	3,099,849
Interest receivable		19,931	28,350
Interest payable and similar charges	5	(478,637)	(477,769)
Profit on ordinary activities before taxation	6	2,993,591	2,650,430
Tax on profit on ordinary activities	7	(769,001)	(566,469)
Profit on ordinary activities after taxation		2,224,590	2,083,961
Dividends	8	(1,483,000)	(1,389,000)
Retained profit for the year	18	741,590	694,961

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

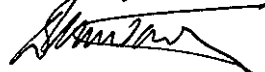
The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

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 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	<u>23,588,313</u>	<u>22,549,893</u>
Current assets			
Stocks	11	227,046	228,656
Debtors	12	5,325,105	4,805,429
Cash at bank and in hand		3,243	2,662
		<u>5,555,394</u>	<u>5,036,747</u>
Creditors: amounts falling due within one year	13	<u>(7,891,727)</u>	<u>(7,041,186)</u>
Net current liabilities		<u>(2,336,333)</u>	<u>(2,004,439)</u>
Total assets less current liabilities		<u>21,251,980</u>	<u>20,545,454</u>
Creditors: amounts falling due after more than one year	14	<u>(5,514,710)</u>	<u>(5,549,774)</u>
Net assets		<u><u>15,737,270</u></u>	<u><u>14,995,680</u></u>
Capital and reserves			
Called up share capital	17	9,000,000	9,000,000
Profit and loss account	18	6,737,270	5,995,680
Equity shareholders' funds	19	<u><u>15,737,270</u></u>	<u><u>14,995,680</u></u>

The financial statements on pages 6 to 18 were approved by the board of directors on 1st May 1997 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 1996****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-subsiidiary 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 16.

2 Turnover

	1996 £	1995 £
Geographical segment		
United Kingdom	23,472,823	20,275,121
EEC (other than UK)	47,713	126,808
	<u>23,520,536</u>	<u>20,401,929</u>

3 Directors' emoluments

	1996 £	1995 £
Emoluments (including pension contributions and benefits in kind)	<u>318,579</u>	<u>321,078</u>

Mr D M Nurse resigned as a director on 31 March 1995. He has continued to provide consultancy services to the company. The amounts payable to him in respect of consultancy fees and related expenses during 1996 amounted to £25,831 (1995: £31,410).

3 Directors' emoluments (continued)

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

	1996 £	1995 £
The Chairman	<u>Nil</u>	<u>Nil</u>
The highest paid director	<u>58,489</u>	<u>54,107</u>

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

	1996 Number	1995 Number
£0 to £5,000	-	-
£25,001 to £30,000	-	1
£35,001 to £40,000	-	1
£40,001 to £45,000	3	3
£45,001 to £50,000	1	1
£55,001 to £60,000	<u>1</u>	<u>-</u>

4 Employee information

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

	1996 Number	1995 Number
By activity		
Management	27	25
Administration	38	33
Production and sales	<u>306</u>	<u>295</u>
	<u>371</u>	<u>353</u>

	1996 £	1995 £
Staff costs (for the above persons)		
Wages and salaries	6,547,028	5,876,028
Social security costs	529,771	482,983
Other pension costs (see note 16)	<u>339,673</u>	<u>227,149</u>
	<u>7,416,472</u>	<u>6,586,160</u>

5 Interest payable and similar charges

	1996 £	1995 £
On bank loans and overdrafts:		
Repayable within 5 years, by instalments	9,556	62,056
Repayable wholly or partly in more than 5 years, by instalments	376,069	276,114
	<u>385,625</u>	<u>338,170</u>
On hire purchase contracts	93,012	139,599
	<u>478,637</u>	<u>477,769</u>

6 Profit on ordinary activities before taxation

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	33,315	218,739
Retrospective rates rebates	-	124,397
	<u></u>	<u></u>
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	1,630,009	1,355,896
Tangible fixed assets held under finance leases	374,619	478,561
Auditors' remuneration for:		
Audit	17,150	16,840
Non-audit services	-	5,000
Hire of plant and machinery - operating leases	16,132	8,437
Hire of other assets - operating leases	593,266	341,096
	<u></u>	<u></u>

7 Tax on profit on ordinary activities

	1996 £	1995 £
United Kingdom corporation tax at 33% (1995: 33%):		
Current	769,001	560,942
Under/(over)provision in respect of prior years:		
Current	-	5,527
	<u>769,001</u>	<u>566,469</u>

8 Dividends

	1996 £	1995 £
Dividends on ordinary shares		
Interim	680,300	-
Final proposed	802,700	1,389,000
	<u>1,483,000</u>	<u>1,389,000</u>

9 Tangible fixed assets

	Assets under construction £	Land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 1996	-	12,838,250	22,928,677	1,300,326	37,067,253
Additions	2,043,126	499,421	385,084	147,213	3,074,844
Disposals	-	-	(794,210)	-	(794,210)
At 31 December 1996	2,043,126	13,337,671	22,519,551	1,447,539	39,347,887
Depreciation					
At 1 January 1996	-	3,312,597	10,346,625	858,138	14,517,360
Charge for the year	-	454,081	1,409,985	140,562	2,004,628
Disposals	-	-	(762,414)	-	(762,414)
At 31 December 1996	-	3,766,678	10,994,196	998,700	15,759,574
Net book value					
At 31 December 1996	2,043,126	9,570,993	11,525,355	448,839	23,588,313
Net book value					
At 31 December 1995	-	9,525,653	12,582,052	442,188	22,549,893
Cost or valuation at 31 December 1996 is represented by					
Valuation in					
1978	-	3,232,957	-	-	3,232,957
1983	-	327,000	-	-	327,000
Cost	2,043,126	9,777,714	22,519,551	1,447,539	35,787,930
	2,043,126	13,337,671	22,519,551	1,447,539	39,347,887

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

Land and buildings at net book value comprise:

	1996 £	1995 £
Freeholds	8,824,949	8,783,812
Long leaseholds	214,642	181,589
Short leaseholds	531,402	560,252
	9,570,993	9,525,653

9 Tangible fixed assets (continued)

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

	1996 £	1995 £
Cost	13,527,586	13,028,165
Aggregate depreciation based on cost	(3,916,209)	(3,536,310)
	<u>9,611,377</u>	<u>9,491,855</u>

The net book value of plant and equipment includes an amount of £1,810,336 (1995: £2,360,720) in respect of assets held under hire purchase contracts.

10 Fixed asset investments

	£
Cost at 1 January 1996 and 31 December 1996	<u>25,715</u>
Amounts written off at 1 January 1996 and 31 December 1996	<u>25,715</u>
Net book value at 1 January 1996 and 31 December 1996	<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.

11 Stocks

	1996 £	1995 £
Raw materials and consumables	<u>227,046</u>	<u>228,656</u>

12 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	4,946,092	4,150,706
Other debtors	750	102,313
Prepayments and accrued income	378,263	552,411
	<u>5,325,105</u>	<u>4,805,430</u>

13 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	1,228,471	1,344,096
Obligations under hire purchase contracts	531,420	656,749
Trade creditors	2,462,271	1,948,614
Amounts owed to parent and fellow subsidiary undertakings	1,755	1,780
Corporation tax payable	769,001	558,801
Other taxation and social security payable	608,078	764,327
Accruals and deferred income	1,488,031	977,819
Dividends payable	802,700	789,000
	<u>7,891,727</u>	<u>7,041,186</u>

14 Creditors: amounts falling due after one year

	1996 £	1995 £
Bank loans	5,012,500	4,657,500
Obligations under hire purchase contracts	502,210	892,274
	<u>5,514,710</u>	<u>5,549,774</u>

Bank loans and overdrafts

	1996 £	1995 £
Repayable as follows:		
In one year or less	1,228,471	1,344,096
Between one and two years	670,000	570,000
Between two and five years	2,010,000	1,710,000
In five years or more	2,332,500	2,377,500
	<u>6,240,971</u>	<u>6,001,596</u>

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

Bank loans totalling £6,240,971 are repayable by instalments as follows:

- (a) £1,595,000 by equal quarterly instalments over the period up to February 2004;
- (b) £3,062,500 by equal quarterly instalments over the period up to August 2005; and
- (c) £1,000,000 by equal quarterly instalments over the period up to March 2007.

Interest, is payable on the above loans up to a maximum rate of 1% above LIBOR.

The two loans totalling £4,062,500 are secured by a mortgage on one of the company's freehold properties. The other loan and the bank overdraft are secured by a first fixed charge on debts due to the company, and a floating charge over all other assets of the company.

Hire purchase contracts

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

	1996 £	1995 £
In one year or less	531,420	656,749
Between one and two years	336,810	496,871
Between two and five years	165,400	395,403
	<u>1,033,630</u>	<u>1,549,023</u>

15 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	
	1996 £	1995 £	1996 £	1995 £
Tax effect of timing differences because of Excess of tax allowances over depreciation	-	-	3,704,904	3,411,664
	<u>-</u>	<u>-</u>	<u>3,704,904</u>	<u>3,411,664</u>

16 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 1996 was £339,673 (1995: £227,149).

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

17 Called up share capital

	1996 £	1995 £
Authorised, allotted, called up and fully paid 9,000,000 ordinary shares of £1 each	<u>9,000,000</u>	<u>9,000,000</u>

18 Profit and loss account

	£
At 1 January 1996	5,995,680
Retained profit for the year	<u>741,590</u>
At 31 December 1996	<u><u>6,737,270</u></u>

19 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	2,224,590	2,083,961
Dividends	(1,483,000)	(1,389,000)
Net addition to shareholders' funds	<u>741,590</u>	<u>694,961</u>
Opening shareholders' funds	14,995,680	14,300,719
Closing shareholders' funds	<u><u>15,737,270</u></u>	<u><u>14,995,680</u></u>

20 Capital commitments

	1996 £	1995 £
Future capital expenditure Contracted but not provided for	<u><u>1,514,292</u></u>	<u><u>179,970</u></u>

21 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 1996 the aggregate of these advances and borrowings was £255,777 (1995: £1,351,186).

The company had a contingent liability of £24,750 (1995: £Nil) in respect of a guarantee given by the company's bankers to Wolverhampton Council in respect of certain assets under construction at the year end.

22 Financial commitments

The company is committed to draw down £2,500,000 under an agreed bank loan facility by February 1997, which will be repayable by equal quarterly instalments over the period to September 2006.

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:-

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	3,500	15,226	3,500	12,394
Expiring between two and five years inclusive	-	209,440	-	198,204
Expiring in over five years	224,461	312,288	170,141	-
	<u>227,961</u>	<u>536,954</u>	<u>173,641</u>	<u>210,598</u>

23 Related Party Transactions

The company has taken exemption under Financial Reporting Standard No 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent company.

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 Linton Park, Linton, Near Maidstone, Kent, ME17 4AB.