

REPORT AND ACCOUNTS

Tulip International (UK)  
Bacon Division Limited

26 SEPTEMBER 1992

# **Tulip International (UK) Bacon Division Limited**

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Registered No. 608077

## **DIRECTORS**

P Rasztar  
F Lindelov  
J W Andersen  
G Kjeldsen

## **SECRETARY**

M S G Forbes

## **AUDITORS**

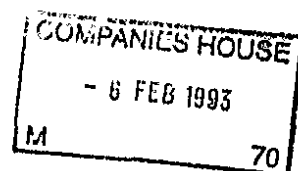
Ernst & Young  
Compass House  
80 Newmarket Road  
Cambridge  
CB5 8DZ

## **BANKERS**

Barclays Bank plc  
4 Bridge Street  
Thetford  
Norfolk  
IP24 3AB

## **REGISTERED OFFICE**

Caxton Way  
Thetford  
Norfolk  
IP24 3SB



# **Tulip International (UK) Bacon Division Limited**

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## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the accounts and auditor's report for the 52 weeks ended 26 September 1992.

### **RESULTS AND DIVIDENDS**

The result on ordinary activities after taxation for the 52 weeks ended 26 September 1992 amounts to a loss of £5,838,000 (1991-profit of £1,606,000) and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the processing, packing, sale and distribution of meat products.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The loss for the year before and after tax of £5,838,000 represents a significant deterioration in the company's performance compared to the previous year. The operating performance has been adversely affected by the very difficult trading conditions within the bacon market, as volumes have fallen and raw material prices increased. In order to adapt to the changing market conditions, a major restructuring programme was implemented by the company in July 1992, which has repositioned the organisation to compete successfully in the forthcoming year.

The cost of the restructuring programme, which will result in substantial savings in overhead costs in the future, has been included within the exceptional charge.

### **DIRECTORS AND THEIR INTERESTS**

P Rasztar	(Danish)	
G Kjeldsen	(Danish)	
F Lindelov	(Danish)	
J W Andersen	(Danish)	
N Talbro	(Danish)	(Resigned 25 September 1992)

P Rasztar holds one share in the company as nominee for Tulip International (UK) Limited. No other director holds any shares in the company.

Under the provisions of the Articles of Association none of the directors retire by rotation.

### **MARKET VALUE OF FREEHOLD PROPERTY**

Freehold property was revalued on an open market basis at 29 September 1990 at the time of the merger of the company within the newly created Tulip International A/S group, and the revalued amount was reflected in the balance sheet at that date. Since then, freehold property has not been formally revalued, although the directors do not believe that there has been any permanent diminution in the value of the property.

### **FIXED ASSETS**

Changes in fixed assets are shown in Note 9 to the accounts.

### **COMMUNICATIONS WITH EMPLOYEES**

During the year the company continued to provide employees regularly with information of concern to them by the issue of bulletins, general notices and by meetings. Employees or their representatives are consulted on all occasions when decisions are required which are likely to affect their interests.

DIRECTORS' REPORT

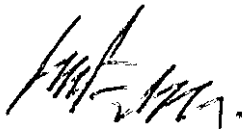
**DISABLED PERSONS**

It is the company's policy to encourage and offer equal consideration to disabled persons making application for employment with the company, having regard to their particular aptitudes and abilities. The nature of the business and prevailing working conditions limit the employment of personnel with certain disabilities defined by health and safety regulations. The company actively seeks to continue to employ personnel who have become disabled whilst in its employment. Disabled and non-disabled are treated equally regarding career development and promotional progress.

**AUDITORS**

BDO Binder Hamlyn resigned as auditors during the year and Ernst & Young were appointed in their place. Ernst & Young have expressed their willingness to continue in office and a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By order of the Board



M S G Forbes  
Secretary

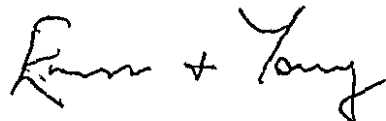
20 January 1993

REPORT OF THE AUDITORS

to the members of Tulip International (UK) Bacon Division Limited

We have audited the accounts on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 26 September 1992 and of the loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Cambridge

20 January 1993

# Tulip International (UK) Bacon Division Limited

## PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 26 September 1992

	<i>Notes</i>	<i>1992</i> <i>£'000</i>	<i>1991</i> <i>£'000</i>
<b>TURNOVER</b>	<b>2</b>	<b>102,771</b>	<b>99,793</b>
Cost of sales		92,376	84,470
<b>GROSS PROFIT</b>		<b>10,395</b>	<b>15,323</b>
Distribution costs		3,739	3,669
Selling and marketing costs		6,313	5,753
Administrative expenses		2,260	2,466
		<b>12,312</b>	<b>11,888</b>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(1,917)</b>	<b>3,435</b>
Interest payable	<b>6</b>	1,661	1,829
<b>(LOSS) / PROFIT BEFORE EXCEPTIONAL ITEM</b>		<b>(3,578)</b>	<b>1,606</b>
Exceptional item	<b>7</b>	2,260	-
<b>(LOSS) / PROFIT FOR THE YEAR BEFORE AND AFTER TAXATION</b>	<b>17</b>	<b>(5,838)</b>	<b>1,606</b>

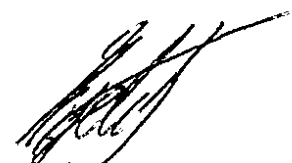
A statement of the movement on reserves is given in note 17.

# Tulip International (UK) Bacon Division Limited

## BALANCE SHEET

at 26 September 1992

	Notes	1992 £'000	1991 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>16,103</u>	<u>15,992</u>
<b>CURRENT ASSETS</b>			
Stocks	10	4,876	5,000
Debtors	11	8,522	19,327
Cash at bank and in hand		61	527
		<u>13,459</u>	<u>24,854</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>24,154</u>	<u>29,703</u>
<b>NET CURRENT LIABILITIES</b>		<u>(10,695)</u>	<u>(4,849)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,408</u>	<u>11,143</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	990	887
		<u>4,418</u>	<u>10,256</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	5,150	5,150
Revaluation reserve	17	4,910	5,450
Profit and loss account	17	(5,642)	(344)
		<u>4,418</u>	<u>10,256</u>

  
G. Kjeldsen  
Director

20 January 1993

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings and plant. The accounts are prepared in accordance with applicable accounting standards.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

#### *Buildings*

Freehold factories	-	over 20 years
Leasehold property	-	over 20 years
Plant, machinery, fixtures and fittings	-	over 5 years
Motor vehicles	-	over 4 years

#### *Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value and are as follows:

Raw materials	-	purchase price including transport
Finished goods	-	actual cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on actual production.

Net realisable value is based on normal selling price less further sales and administrative costs to be incurred. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *Deferred taxation*

Deferred taxation primarily represents the amount required to allow for the difference between depreciation and the corresponding allowances for taxation, being credited and charged for tax purposes in different years from those in the accounts.

Deferred taxation is not provided because the directors have concluded on reasonable evidence that any reversal of these timing differences will not give rise to a tax charge in the foreseeable future.

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.



# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 1. ACCOUNTING POLICIES (continued)

#### *Pensions*

The company operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

#### *Computer software*

The cost of computer software has in previous years been written off over three to five years on a straight line basis. This policy has been changed and software is now charged to the profit and loss account on purchase. The balance of deferred software brought forward at the beginning of this year will be written off within 12 months.

### 2. TURNOVER

Turnover arises from the sale of bacon and associated products.

	1992	1991
	£'000	£'000
United Kingdom	101,815	97,652
Other European countries	956	2,141
	<u>102,771</u>	<u>99,793</u>

### 3. OPERATING (LOSS)/PROFIT

(a) This is stated after charging:

	1992	1991
	£'000	£'000
Hire of plant and machinery	2,306	2,297
Contract hire	135	135
Auditors' remuneration	26	20
Depreciation of tangible fixed assets -		
- owned	1,782	2,263
- leased	358	204
- hire purchase	21	21
Exceptional item - redundancy costs	-	100
(Profit)/loss on disposal of tangible fixed assets	(6)	42
	<u></u>	<u></u>

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 4. DIRECTORS' REMUNERATION

	1992 £'000	1991 £'000
Fees	-	-
Other emoluments	91	241
Compensation for loss of office	-	30
Pension contributions	-	16
	<u>91</u>	<u>287</u>
Emoluments (excluding pension contributions) of the Chairman	<u>Nil</u>	<u>Nil</u>
Emoluments (excluding pension contributions) of the highest paid director	<u>91</u>	<u>119</u>

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	1992 No.	1991 No.
£nil - £5,000	4	6
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
£90,001 - £95,000	1	-
£115,001 - £120,000	-	1

### 5. STAFF COSTS

	1992 £'000	1991 £'000
Wages and salaries	10,129	10,374
Social security costs	845	847
Other pension costs	609	514
	<u>11,583</u>	<u>11,735</u>

The average weekly number of employees during the year was made up as follows:

	1992 No.	1991 No.
Production and supervisors	713	735
Administration and sales	100	110
Warehouse and distribution	61	58
	<u>874</u>	<u>903</u>

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 6. INTEREST PAYABLE

	1992 £'000	1991 £'000
Bank loans and overdrafts, bills payable, and other loans wholly repayable within 5 years	1,524	1,712
Finance charges payable under finance leases and hire purchase contracts	137	117
	<u>1,661</u>	<u>1,829</u>

### 7. EXCEPTIONAL ITEM

During 1992 a fundamental reorganisation of the company's structure took place and the associated redundancy costs and other related costs have been classified as exceptional costs.

### 8. TAXATION

No charge to corporation tax arises on the results for the period.

Subject to agreement, the company has tax losses available at 26 September 1992 for offsetting against corporation tax payable on future taxable trading income amounting to approximately £12.7 million (1991 - £9.6 million).

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 9. TANGIBLE FIXED ASSETS

	<i>Freehold property £'000</i>	<i>Leasehold property £'000</i>	<i>Plant &amp; machinery £'000</i>	<i>Fixtures &amp; fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost or valuation:						
At 29 September 1991	8,794	648	7,271	1,035	479	18,227
Additions	429	-	1,743	113	4	2,289
Disposals	-	-	19	13	106	138
At 26 September 1992	<u>9,223</u>	<u>648</u>	<u>8,995</u>	<u>1,135</u>	<u>377</u>	<u>20,378</u>
Depreciation:						
At 29 September 1991	337	119	1,042	331	406	2,235
Provided during the year	405	21	1,495	202	38	2,161
Disposals	-	-	13	6	102	121
At 26 September 1992	<u>742</u>	<u>140</u>	<u>2,524</u>	<u>527</u>	<u>342</u>	<u>4,275</u>
Net book value:						
At 26 September 1992	<u>8,481</u>	<u>508</u>	<u>6,471</u>	<u>608</u>	<u>35</u>	<u>16,103</u>
At 29 September 1991	<u>8,457</u>	<u>529</u>	<u>6,229</u>	<u>704</u>	<u>73</u>	<u>15,992</u>

The historical cost of assets included at valuation is as follows:

	<i>Freehold property £'000</i>	<i>Leasehold property £'000</i>	<i>Plant &amp; machinery £'000</i>	<i>Fixtures &amp; fittings £'000</i>	<i>Motor Vehicles £'000</i>	<i>Total £'000</i>
At 26 September 1992						
Historical cost:	<u>7,619</u>	<u>491</u>	<u>14,350</u>	<u>1,982</u>	<u>377</u>	<u>24,819</u>
Accumulated depreciation	<u>2,480</u>	<u>202</u>	<u>9,228</u>	<u>1,374</u>	<u>342</u>	<u>13,626</u>
At 29 September 1991						
Historical cost:	<u>7,188</u>	<u>492</u>	<u>12,564</u>	<u>1,936</u>	<u>479</u>	<u>22,659</u>
Accumulated depreciation	<u>2,218</u>	<u>181</u>	<u>8,135</u>	<u>1,178</u>	<u>406</u>	<u>12,118</u>

The net book value of assets subject to hire purchase and finance lease agreement, included in the above, amounts to £1,798,000 (1991-£2,218,000).

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 10. STOCKS

	1992	1991
	£'000	£'000
Raw materials	2,169	2,002
Consumables	409	611
Finished goods	1,686	1,747
Factory and engineering goods	612	640
	<u>4,876</u>	<u>5,000</u>

### 11. DEBTORS

	1992	1991
	£'000	£'000
Trade debtors	7,236	9,355
Amounts owed by parent undertaking	55	8,080
Amounts owed by fellow subsidiary undertakings	6	91
Prepayments and accrued income	910	1,185
Other taxes recoverable	229	372
Deferred software expenditure	86	244
	<u>8,522</u>	<u>19,327</u>

The deferred software expenditure will be charged to the accounts during the year ending 30 September 1993. (See note 1)

### 12. CREDITORS: amounts falling due within one year

	1992	1991
	£	£
Bank borrowings	1,000	1,310
Bills payable	-	12,000
Obligations under finance leases and hire purchase contracts	352	326
Trade creditors	4,220	2,548
Amount owed to parent undertaking	14,646	9,590
Amount owed to fellow subsidiary undertakings	68	-
Other taxes and social security costs	165	220
Accruals	3,703	3,709
	<u>24,154</u>	<u>29,703</u>

### 13. CREDITORS: amounts falling due after more than one year

	1992	1991
	£'000	£'000
Obligations under finance leases and hire purchase contracts	<u>990</u>	<u>887</u>

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 14. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

	1992 £'000	1991 £'000
Amounts payable:		
within one year	484	456
between two and five years	1,156	1,044
	<u>1,640</u>	<u>1,500</u>
Less:		
finance charges allocated to future periods	298	287
	<u>1,342</u>	<u>1,213</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations	352	326
Non-current obligations	990	887
	<u>1,342</u>	<u>1,213</u>

Annual commitments under non-cancellable operating leases are as follows:

	1992 £'000	1991 £'000
Operating leases which expire:		
within one year	84	26
between two and five years	44	79
	<u>128</u>	<u>105</u>

### 15. DEFERRED TAXATION

No deferred taxation has been provided in the accounts in accordance with the policy stated in note 1. The effect of full provision for deferred taxation at 33% using the liability method would be £nil (1991 - £nil) as the trading losses carried forward exceed accelerated capital allowances and other timing differences. No capital gains would arise on the disposal of revalued assets at their net book value.

An analysis of potential deferred tax is shown as follows:

	1992 £'000	Not provided 1991 £'000
Capital allowances in advance of depreciation	1,121	918
Other timing differences	(546)	(232)
Less taxation losses	(575)	(686)
	<u>-</u>	<u>-</u>

# Tulip International (UK) Bacon Division Limited

## NOTES TO THE ACCOUNTS

at 26 September 1992

### 16. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
	<i>'000</i>	<i>'000</i>	<i>£'000</i>	<i>£'000</i>
Ordinary shares of £1 each	5,250	5,250	5,150	5,150

### 17. STATEMENT OF MOVEMENT ON RESERVES

	<i>Revaluation reserve £'000</i>	<i>Profit &amp; loss account £'000</i>
At 29 September 1991	5,450	(344)
Retained loss for year	-	(5,838)
Depreciation of revalued assets	(535)	535
Disposal of revalued assets	(5)	5
At 26 September 1992	4,910	(5,642)

### 18. CAPITAL COMMITMENTS

	<i>1992 £'000</i>	<i>1991 £'000</i>
Amounts contracted for but not provided	44	63
Amounts authorised but not contracted for	528	442

### 19. PENSIONS

The company's pension scheme was assessed by Willis Consulting Limited, actuaries, as at 1 July 1992 using the projected unit basis.

The market value of the plan's assets at 1 July 1992 was £15,758,600.

The principal actuarial assumptions adopted in the valuation were that, over the long term, the annual rate of return on investments would be 2.0% higher than the annual increase in total pensionable remuneration. This in turn is anticipated to increase by 1.5% per annum in excess of the expected average rate of inflation of 6% per annum compound. The actuarial value of the assets was sufficient to cover 110% of the benefits that had accrued to members and of those arising from expected future increases in pensionable remuneration.

It has been agreed to utilise the excess by reducing the level of company contributions to the fund. The charge to profit and loss account will however spread the actuarial surplus over the average remaining service lives of current pension scheme members. The difference between the payment and charge is shown as an accrual in the balance sheet.

# **Tulip International (UK) Bacon Division Limited**

## **NOTES TO THE ACCOUNTS**

at 26 September 1992

### **19. PENSIONS (continued)**

Thus:

	<i>1992</i>	<i>1991</i>
	<i>£'000</i>	<i>£'000</i>
Balance brought forward	620	324
Charged to profit and loss account	609	514
Contributions paid to pension scheme	(261)	(218)
Accrual at 26 September 1992	<u>968</u>	<u>620</u>

### **20. ULTIMATE PARENT COMPANY**

The ultimate parent company is Tulip International A/S, a company incorporated in Denmark.

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Tulip International A/S, incorporated in Denmark.