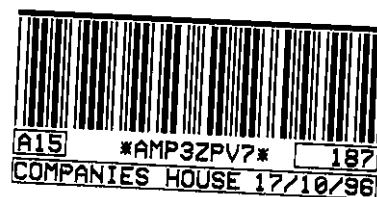


F.M.C. (MEAT) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR YEAR ENDED 31st DECEMBER, 1995

Registered Number: 671705



F.M.C. (MEAT) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st December, 1995.

BUSINESS REVIEW AND ACTIVITIES

During the year the Company's meat trading business was transferred to a fellow subsidiary undertaking.

RESULTS

Summarised results of the Company for the year are:

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Turnover	<u>1,825,651</u>	<u>5,147,189</u>
Profit on ordinary activities before taxation	1,284,474	1,324,019
Tax on ordinary activities	(256,943)	357,704
Profit for the financial year	<u>1,027,531</u>	<u>1,681,723</u>

DIVIDEND

The directors do not recommend the payment of a dividend for 1995 (1994: Nil) The profit of £1,027,531 is to be carried forward to reserves.

DIRECTORS

Details of the directors who served during the year are:

A P Daniels	(resigned 14.6.95; reappointed 9.9.96)
P J Wright	(appointed 14.6.95; resigned 9.9.96)
S D Ashton	(appointed 14.6.95; resigned 9.9.96)
G R Pinkney	(appointed 14.6.95; resigned 1.3.96)
A J Hewitt	
C E Jay	(resigned 31.3.95)
J Wood-Dow	(resigned 14.6.95)
W D Life	(appointed 14.6.95; resigned 1.3.96)

B Mehew and D Gray were also appointed directors on the 9.9.96. No director had any interest in the shares of the Company.

The declarable interests of P J Wright, S D Ashton, G R Pinkney and W D Life who are Directors of the immediate parent company, C.&T. H (Calne) Limited, are disclosed in the accounts of that company.

F.M.C. (MEAT) LIMITED

DIRECTORS' REPORT

The declarable interests of the other director who held office at 31st December, 1995, are as follows:

	Hillsdown Holdings plc 10p Ordinary Shares			
	31.12.95		31.12.94	
	Shares	Options	Shares	Options
A J Hewitt	-	56,091	-	66,091

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

No director was or is materially interested in any contract subsisting during or at the end of the financial year which was significant in relation to the Company's business.

FIXED ASSETS

Movements in tangible fixed assets are shown in Note 11 to the accounts.

AUDITORS

Our auditors KPMG have indicated to the directors that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG Audit Plc as auditors of the company.

By order of the Board



AP Daniels
Secretary

4th October, 1996

F.M.C. (MEAT) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts ;
- prepare the accounts 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 to enable them to ensure that the accounts 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.

F.M.C. (MEAT) LIMITED

REPORT OF THE AUDITORS, KPMG,

TO THE MEMBERS OF F.M.C. (MEAT) LIMITED

We have audited the accounts on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of accounts . It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

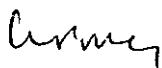
Basis of opinion

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 accounts . It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts , 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 accounts 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 accounts .

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31st December, 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



KPMG
Chartered Accountants
Registered Auditors
Ipswich

11 October 1996

F.M.C. (MEAT) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 1995

	<u>Note</u>	<u>Discontinued operations</u>	<u>Discontinued operations</u>
		1995	1994
		£	£
Turnover	3	1,825,651	5,147,189
Cost of Sales		<u>(1,622,756)</u>	<u>(4,452,488)</u>
Gross Profit		202,895	694,701
Net operating income/(expenses)	4	<u>236,916</u>	<u>(462,700)</u>
Operating Profit	5	439,811	232,001
Profit on disposal of fixed assets		15,666	47,993
Release of provision for fundamental reorganisation		535,366	907,153
Income from other fixed asset investments		-	1,158
Income from disposal of trading operation		200,000	-
Profit on ordinary activities before interest		<u>1,190,843</u>	<u>1,188,305</u>
Interest receivable	6	93,631	135,765
Interest payable	7	<u>-</u>	<u>(51)</u>
Profit on ordinary activities before taxation		1,284,474	1,324,019
Taxation	10	<u>(256,943)</u>	<u>357,704</u>
Profit for the financial year		<u><u>1,027,531</u></u>	<u><u>1,681,723</u></u>

There were no recognised gains or losses in the year other than those passing through the profit and loss account.

The directors consider that the result shown above and the result on an unmodified historical cost basis are not materially different.

F.M.C. (MEAT) LIMITED

BALANCE SHEET

at 31st December, 1995

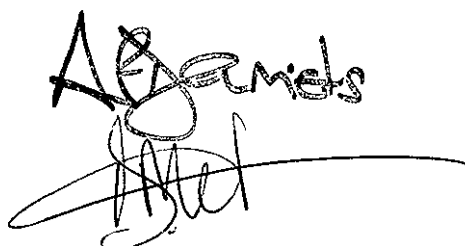
	<i>Note</i>	<i>1995</i> £	<i>1994</i> £
FIXED ASSETS			
Tangible assets	11	851,000	866,000
CURRENT ASSETS			
Stocks	12	-	42,224
Debtors	13	16,481,049	27,260,924
Cash at bank and in hand		<u>1,275,782</u>	<u>993,490</u>
		17,756,831	28,296,638
CREDITORS:			
amounts falling due within one year	14	<u>(15,880,242)</u>	<u>(27,462,580)</u>
NET CURRENT ASSETS		<u>1,876,589</u>	<u>834,058</u>
NET ASSETS		<u><u>2,727,589</u></u>	<u><u>1,700,058</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	4,500,000	4,500,000
Share premium account	17	1,219,702	1,219,702
Revaluation reserve	17	150,000	150,000
Profit and loss account	17	<u>(3,142,113)</u>	<u>(4,169,644)</u>
SHAREHOLDERS' FUNDS		<u><u>2,727,589</u></u>	<u><u>1,700,058</u></u>

Signed on behalf of the Board of Directors

who approved the accounts on 4th October 1996

A P Daniels

B Mehew




Directors

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

1. BASIS OF PREPARATION OF ACCOUNTS

The parent company, C.&T. H (Calne) Limited, a subsidiary within the Hillsgdown Holdings plc Group, has agreed to provide support to the Company in order for it to meet liabilities to third party creditors.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's accounts.

- Basis of Accounting

The accounts are prepared in accordance with relevant accounting standards, under the historical cost convention as modified by the revaluation of certain properties.

- Cash Flow Statement

The Company is exempt from Financial Reporting Standard No 1, "Cash Flow Statement", being a wholly owned subsidiary of Hillsgdown Holdings plc which prepares a Consolidated Cash Flow Statement dealing with Cash Flows of the Group.

- Turnover

Turnover represents the amount invoiced, exclusive of value added tax for processed meat products and other goods supplied and services rendered.

- Fixed Assets and Depreciation

Grants receivable in respect of fixed assets are credited to a deferral account and are released to revenue over the expected useful lives of the relevant assets by equal annual amounts. Interest costs incurred on the funding of major capital projects are capitalised in so far as they relate to the period of construction. The charge for depreciation (other than land and buildings) is calculated in general on a straight line basis by reference to net cost and the expected useful lives of the assets concerned.

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

2. ACCOUNTING POLICIES continued

- Fixed Assets and Depreciation continued

Plant and machinery	10-20%
Fixtures, fittings, tools and equipment	10%
Motor vehicles	25%

Freehold buildings are depreciated at 1% per annum based upon valuation and subsequent costs.

Leasehold properties are amortised over the period of the lease. A long lease is regarded as being a lease in excess of 50 years.

- Research and Development

Research and development expenditure and advertising and promotional expenditure is charged against revenue in the year in which it is incurred.

- Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition.

- Deferred Tax

Provision is calculated on the liability method for deferred tax resulting from short term timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is not made for other timing differences where liability is not expected to arise in the foreseeable future.

- Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Balances in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

2. ACCOUNTING POLICIES continued

- Pension Costs

The Company is a member of two group schemes, the HF Meat and Foods Processing Pension Scheme and the FMC Pension and Life Assurance Scheme. The scheme funds are administered by trustees and are independent of the Company's finances. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. At the year end the company had no employees and was not liable for any further contributions under the scheme.

- Leasing

Finance leases relating to significant items of plant, machinery and vehicles have been capitalised and depreciated in accordance with the Company's depreciation policy. The capital element of future lease payments is included in other creditors.

Payments under operating leases are charged wholly to the profit and loss account in the year in which they are incurred.

3. TURNOVER

The analysis of turnover (originating and marketed wholly in the United Kingdom) is as follows:

	1995 £	1994 £
Third parties	1,825,651	4,732,463
Group undertakings	<u>-</u>	<u>414,726</u>
	<u>1,825,651</u>	<u>5,147,189</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

4. NET OPERATING INCOME

	1995 £	1994 £
Distribution costs	(61,677)	(274,102)
Administrative expenses	(15,668)	(188,598)
Other Operating Income	<u>314,261</u>	=
	<u>236,916</u>	<u>(462,700)</u>

5. OPERATING PROFIT

The operating profit derives entirely from the Company's activity of meat processing and originates wholly in the United Kingdom.

The operating profit is arrived at after crediting:

	1995 £	1994 £
Profit on sale of tangible fixed assets	15,666	45,527
Profit on sale of fixed asset investment	-	2,466
and after charging:		
Directors' emoluments		
- Management Remuneration	-	53,131
- Compensation for loss of office	-	70,000
Operating lease payments:		
Plant and machinery	-	75,946
Auditors' remuneration	<u>-</u>	<u>2,300</u>

No remuneration has been paid to the auditors for non-audit work during 1995 or 1994.

6. INTEREST RECEIVABLE

	1995 £	1994 £
From bank deposits and short term loans	<u>93,631</u>	<u>135,765</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

7. INTEREST PAYABLE

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
On bank loans, overdrafts and other loans repayable within 5 years	<u><u>-</u></u>	<u><u>51</u></u>

8. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year
was as follows:

	<i>1995</i>	<i>1994</i>
	<i>Number</i>	<i>Number</i>
Management	1	4
Administration	1	5
Production and Distribution	<u>0</u>	<u>14</u>
	<u><u>2</u></u>	<u><u>23</u></u>

The aggregate payroll costs of these persons were as follows:

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Wages and salaries	42,930	219,761
Social security costs	4,362	28,170
Other pension costs	<u>1,524</u>	<u>12,926</u>
	<u><u>48,816</u></u>	<u><u>260,857</u></u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

9. DIRECTORS' EMOLUMENTS (excluding pension contributions)

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Chairman's emoluments	-	-
Highest paid director	-	50,722

The emoluments of the directors (including the chairman and the highest paid director) were within the following ranges.

	<i>Number</i>	<i>Number</i>
£0 - £5,000	8	5
£50,001 - £55,000	-	1

10. TAXATION

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Corporation tax credit/(charge) at 33% based on profit for year	(255,404)	98,348
Adjustment in respect of prior years	-	259,356
Tax on Franked Investment Income	<u>(1,539)</u>	<u>-</u>
	<u>(256,943)</u>	<u>357,704</u>

If deferred taxation was provided for all reversing timing differences, the stated tax charge would be reduced by £872,000 (1994 : increased by £282,000).

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

11. TANGIBLE FIXED ASSETS

	<i>Freehold land & buildings £</i>
Cost/valuation	
At 01.01.95	1,170,614
Disposals	<u>(20,000)</u>
At 31.12.95	<u>1,150,614</u>
Being:	
Cost	450,614
Valuation 1990	<u>700,000</u>
	<u>1,150,614</u>
Depreciation:	
At 01.01.95	304,614
Disposals	<u>(5,000)</u>
At 31.12.95	<u>299,614</u>
Net book value	
At 31.12.95	<u>851,000</u>
At 31.12.94	<u>866,000</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

11. TANGIBLE FIXED ASSETS continued

The directors have considered the value of the fixed assets of the Company, without revaluing all assets, and they are satisfied that the aggregate value of those assets at 31st December, 1995, is not less than the aggregate amount at which they are stated in the Company's accounts.

The depreciable amount of freehold land and buildings at 31st December, 1995, was £nil (1994: £761,444)

The amount of land and buildings (included above at a valuation) determined according to the historical cost accounting rules is as follows:

	1995 £	1994 £
Cost	154,591	202,591
Depreciation	<u>(6,581)</u>	<u>(22,095)</u>
Net Book Value	<u>148,010</u>	<u>180,496</u>

12. STOCKS

Stocks represent finished goods and goods for resale at 31st December 1994.

13. DEBTORS

Amounts falling due within one year:

	1995 £	1994 £
Trade debtors	-	326,590
Amounts owed by parent and fellow subsidiary undertakings	16,061,345	25,022,124
Corporation tax recoverable	412,550	1,904,348
Other debtors	7,154	7,298
Prepayments and accrued income	<u>-</u>	<u>564</u>
	<u>16,481,049</u>	<u>27,260,924</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

14. CREDITORS: amounts falling due within one year

	1995 £	1994 £
Trade creditors	-	61,421
Amounts owed to fellow subsidiary undertakings	14,984,067	25,970,468
Other creditors including taxation and social security	256,943	3,203
Accruals and deferred income	<u>639,232</u>	<u>1,427,488</u>
	<u>15,880,242</u>	<u>27,462,580</u>

Other creditors including taxation and social security comprise

	1995 £	1994 £
Corporation tax	256,943	-
Other taxes and social security	<u>-</u>	<u>3,203</u>
	<u>256,943</u>	<u>3,203</u>

15. DEFERRED TAXATION

No deferred taxation has been provided in the accounts as the timing differences do not give rise to a full or partial liability. The analysis of full potential deferred tax is :

	1995 £	1994 £
Accelerated capital allowances	31,458	945,056
Other timing differences	<u>116,755</u>	<u>221,100</u>
Full potential asset/(liability)	<u>148,213</u>	<u>(723,956)</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

16. CALLED UP SHARE CAPITAL

Authorised:	1995	1994
	£	£
20,000,000 ordinary shares of 25p each	<u>5,000,000</u>	<u>5,000,000</u>
	1995	1994
	£	£
Allotted, called up and fully paid:		
18,000,000 ordinary shares of 25p each	<u>4,500,000</u>	<u>4,500,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Share premium</i>	<i>Revaluation reserves</i>	<i>Profit and loss account</i>	<i>Sharehol- ders' funds</i>
	£	£	£	£	£
At 1st January 1995	4,500,000	1,219,702	150,000	(4,169,644)	1,700,058
Movement in year:					
Retained Profit	—	—	—	1,027,531	1,027,531
At 31st December, 1995	<u>4,500,000</u>	<u>1,219,702</u>	<u>150,000</u>	<u>(3,142,113)</u>	<u>2,727,589</u>

F.M.C. (MEAT) LIMITED

Notes to the Accounts
for the year ended 31st December, 1995

18. COMMITMENTS

There were no capital commitments at 31st December, 1995, or at 31st December, 1994.

The company had no non-cancellable operating lease commitments at 31st December 1995. The minimum annual lease payments to which the Company was committed under non-cancellable operating leases at 31st December 1994, were as follows:

	Plant & Machinery £
On leases expiring:	
Within one year	<u>3,588</u>

19. CONTINGENT LIABILITIES

Under the terms of an agreement with Midland Bank plc the Company is liable under an unlimited cross-guarantee for the total liabilities of its parent company, C & T H (Calne) Limited, with the bank. The contingent liabilities under this arrangement amount to £6,339,000 at 31st December, 1995 (1994: £2,035,000)

20. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary undertaking of C & T H (Calne) Limited, a company registered in England and Wales.

The ultimate parent company is Hillsdown Holdings plc, a company limited by shares, incorporated in Great Britain and registered in England and Wales. Copies of the group accounts can be obtained from the Company Secretary, Hillsdown Holdings plc, 32 Hampstead High Street, London, NW3 1QD