

71-2204

PIG IMPROVEMENT COMPANY UK LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 JUNE 1993

25 MAR 1994

PIG IMPROVEMENT COMPANY UK LIMITED

REPORT OF THE DIRECTORS

The company's registered number is 716304.

The directors submit their report and the audited accounts for the year ended 30 June 1993.

CHANGE OF NAME

Formerly The Pig Improvement Company Limited, the company changed its name to Pig Improvement Company UK Limited on 12 November 1992.

PRINCIPAL ACTIVITIES

The principal activity of the company is the breeding of pigs.

REVIEW OF THE BUSINESS

Having regard to market conditions, a satisfactory performance was achieved in the year under review. The directors consider that the company is in a position to take advantage of any improvement in market conditions.

A summary of the main performance indicators is given below:

	<u>1993</u>	<u>1992</u>
	£'000	£'000
Turnover	23,822	22,252
Gross margin	8,118	7,377
Net loss before tax	(777)	(359)

Continuous research is undertaken into the development of the company's products as part of the day to day business activities.

RESULTS AND DIVIDENDS

The results for the year are set out in page 5.

The directors do not recommend the payment of a dividend (1992: £Nil) leaving a deficit to be transferred from reserves of £732,000 (1992: £383,000).

PIG IMPROVEMENT COMPANY UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors who served on the board during the year together with their interests in the shares of the ultimate holding company, Dalgety PLC, were as follows:

	Ordinary shares of £1 each in Dalgety PLC	
	<u>1993</u>	<u>1992</u>
R J Clothier (resigned 1 January 1993)	*	*
A H Shipston (resigned 31 July 1992)	-	9
Dr M Bichard	98	3,474
I F Kent (appointed 31 July 1992)	-	-
R N Harris	*	*
P Kirk (appointed 1 January 1993)	*	*
B E Gandy (resigned 30 July 1992)	-	6,833

* Messrs R J Clothier, R N Harris and P Kirk are directors of Dalgety PLC and their interests in the shares of Dalgety PLC are shown in the accounts of that company.

The undermentioned directors hold options to subscribe for ordinary shares in Dalgety PLC Senior Executive Share Option Scheme.

	<u>1993</u>	<u>Granted</u>	<u>Exercised</u>	<u>1992</u>
Dr M Bichard	32,888	-	-	32,888
I F Kent	26,115	26,115	-	-

In addition, the undermentioned director holds options under a Save As You Earn Share Option Scheme.

	<u>1993</u>	<u>Granted</u>	<u>Exercised</u>	<u>1992</u>
Dr M Bichard	3,617	-	-	3,617

Under both share option schemes, remaining options are exercisable at any time between 1993 and 2003 at prices between 215p per share and 459.5p per share.

The ultimate parent company, Dalgety PLC, has taken out professional indemnity insurance in respect of the directors of Pig Improvement Company UK Limited as permitted by Section 310(3) of the Companies Act 1985.

PIG IMPROVEMENT COMPANY UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

LAND AND BUILDINGS

A valuation of the company's freehold and leasehold properties was carried out on 30 June 1989 by professional valuers, the values arrived at being incorporated in the accounts from that date.


The directors are of the opinion that as the assets are fully utilised within the business of the company, any difference between the book value and market value is not significant.

Movements on tangible fixed assets during the year are shown in Note 7 to the accounts.

AUDITORS

An elective resolution has been passed under Section 386 of the Companies Act 1985, enabling Price Waterhouse to continue as auditors of the company without re-appointment.

By Order of the Board



Dalgety Group Services Limited
Secretary

15 October 1993

100 George Street
London
W1H 5RH



**AUDITORS' REPORT TO THE MEMBERS OF
PIG IMPROVEMENT COMPANY UK LIMITED**

We have audited the financial statements on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pricewaterhouse

Chartered Accountants
and Registered Auditors

15 October 1993

FIG IMPROVEMENT COMPANY UK LIMITED**PROFIT AND LOSS ACCOUNT - 30 JUNE 1993**

	<u>Notes</u>	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>
TURNOVER	2	23,822	22,252
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(777)	(359)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	6	45	(24)
		<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR		(732)	(383)
		<hr/>	<hr/>

A statement of movements on reserves is given in Note 15.

There are no recognised gains or losses other than the loss on ordinary activities for the year.

The notes on pages 7 to 17 form an integral part of these accounts.

PIG IMPROVEMENT COMPANY UK LIMITED

BALANCE SHEET - 30 JUNE 1993

	Notes	1993		1992	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	7		6,044		6,718
Investments	8		<u>8</u>		<u>5,587</u>
			6,052		12,305
CURRENT ASSETS					
Stocks	9	1,594		1,612	
Debtors	10	10,916		4,996	
Cash at bank and in hand		<u>16</u>		<u>11</u>	
		12,526		6,619	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(3,117)</u>		<u>(2,974)</u>	
NET CURRENT ASSETS			<u>9,409</u>		<u>3,645</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,461		15,950
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		(15,952)		(15,676)
PROVISIONS FOR LIABILITIES & CHARGES	13		<u>-</u>		<u>(33)</u>
			(491)		241
CAPITAL AND RESERVES					
Called up share capital	14		186		186
Share premium account	15	8		8	
Revaluation reserve	15	1,054		1,054	
Other reserves	15	23		23	
Profit and loss account	15	<u>(1,762)</u>		<u>(1,030)</u>	
			<u>(677)</u>		<u>55</u>
			(491)		241

APPROVED BY THE BOARD OF DIRECTORS
ON 15 OCTOBER 1993



I F Kent

The notes on pages 7 to 17 form an integral part of these accounts.

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993

1 ACCOUNTING POLICIES

(1) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards.

(2) Consolidation

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of Pig Improvement Group Limited, a company incorporated in the United Kingdom.

(3) Turnover

Turnover comprises the gross amount of sales when the company acts as principal and the commission where the company acts as agent.

(4) Depreciation

Freehold land is not depreciated. Freehold buildings are depreciated by equal annual instalments over their estimated useful lives up to a maximum period of 50 years. Plant, equipment and vehicles are depreciated over periods which range from 4 to 10 years and which do not exceed their anticipated useful lives.

Profits or losses arising on routine replacement or retirement of tangible fixed assets are dealt with through company trading results as adjustments to depreciation.

(5) Interest

Interest payable is written off as incurred.

(6) Deferred tax

Provision has not been made for tax liabilities which, under current legislation, are expected to be deferred indefinitely because of the availability of tax allowances for tangible fixed asset expenditure. Provision is made for other timing differences using the liability method.

(7) Stocks

Commodity, merchandise and livestock are valued at the lower of cost and net realisable value; cost. In the case of breeding and fattening pigs on farms and processed and partly processed stock, cost includes certain attributable overheads.

FIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Research and development

Research and development expenditure is written off in the year in which it is incurred.

(9) Currency exchange rates

Exchange profits or losses realised on trading transactions are included in company trading results. Other exchange differences arise from non-trading items and the translation, at rates different from those used in the previous year's accounts, of foreign currency loans where those loans relate to overseas equity investments. These exchange differences are dealt with through reserves.

(10) Operating lease agreements

Rentals applicable to operating leases, under which substantially all benefits and risks of ownership remain with the lessor, are charged to the profit and loss account when incurred.

(11) Pension costs

The company is a member of the Dalgety Group pension scheme which provides benefits based on final pensionable salary. Contributions to the scheme, as assessed by an independent actuary, are based on pension costs across the Group and are charged to the profit and loss account in the period for which they become payable. Details of the Dalgety Group pension scheme, which has a substantial surplus, are fully described in the accounts of Dalgety PLC.

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

2 TURNOVER

	<u>1993</u>	<u>1992</u>
	£'000	£'000
Sales to other group undertakings	1,950	2,458
Other sales	<u>21,872</u>	<u>19,794</u>
	23,822	22,252
	<u> </u>	<u> </u>

All turnover derives from trading activities originating in the United Kingdom.

The turnover and loss before taxation are attributable to the company's business of the breeding of pigs.

The geographical destination analysis of the company's turnover is:

	<u>1993</u>	<u>1992</u>
	£'000	£'000
United Kingdom	18,526	18,070
Rest of Europe	5,271	3,865
Other	<u>25</u>	<u>317</u>
	23,822	22,252
	<u> </u>	<u> </u>

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1993</u> £'000	<u>1992</u> £'000
a) The following have been credited before arriving at the loss on ordinary activities before taxation:		
Royalties	400	285
Other operating income	293	535
Profit on sale of fixed assets	126	18
Group interest receivable	1,188	-
Other interest receivable and similar income	16	17
Change in stock of finished goods and work in progress	<u>16</u>	<u>(179)</u>
	<u>2,039</u>	<u>676</u>
b) The following have been charged before arriving at the loss on ordinary activities before taxation:		
Raw materials and consumables	16,315	15,267
Auditors' remuneration: audit fees	20	25
non audit fees	21	2
Other external charges	6,002	3,767
Wages and salaries	2,327	2,591
Social security costs	224	218
Depreciation and other amounts written off tangible fixed assets	701	977
Interest payable and similar charges (note 3(c))	948	383
Hire plant and machinery	<u>80</u>	<u>57</u>
	<u>26,638</u>	<u>23,287</u>
c) Interest payable and similar charges		
On bank loans and overdrafts repayable within 5 years	36	89
Payable to group undertakings	<u>912</u>	<u>294</u>
	<u>948</u>	<u>383</u>

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

4 EMPLOYEES

The average number of persons employed by the company throughout the year was:

	<u>Number of employees</u>	
	<u>1993</u>	<u>1992</u>
United Kingdom	171	182
	<u> </u>	<u> </u>

The costs incurred in respect of these employees were:

	<u>1993</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	2,327	2,591
Social security costs	224	218
Pension costs	<u>1</u>	<u>-</u>
	2,552	2,809
	<u> </u>	<u> </u>

5 DIRECTORS

The emoluments of the directors were as follows:

Remuneration for managerial services	157	101
Compensation for loss of office	<u>30</u>	<u>-</u>
	187	101
	<u> </u>	<u> </u>

The emoluments of the Chairman were £Nil (1992: £Nil) and the highest paid director £76,480 (1992: £61,100).

	<u>Number of Directors</u>	
	<u>1993</u>	<u>1992</u>
Other directors:		
£0 - £5,000	3	3
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
£65,001 - £70,000	1	-

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1993</u>	<u>1992</u>
	£'000	£'000
Taxation comprises:		
Corporation tax at 33% (1992: 33%) on taxable profits	(5)	-
Foreign tax	-	(5)
Deferred taxation	33	(33)
Adjustment in respect of previous years	<u>17</u>	<u>14</u>
	45	(24)
	<u> </u>	<u> </u>

7 TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Plant and equipment</u>	<u>Total</u>
	£'000	£'000	£'000
COST OR VALUATION			
At 1 July 1992	6,954	3,495	10,449
Additions	654	255	909
Disposals	<u>(235)</u>	<u>(1,330)</u>	<u>(1,565)</u>
As at 30 June 1993	7,373	2,420	9,793
DEPRECIATION			
As at 1 July 1992	1,701	2,030	3,731
Charge for the year	405	296	701
Disposals	<u>(135)</u>	<u>(548)</u>	<u>(683)</u>
As at 30 June 1993	1,971	1,778	3,749
NET BOOK VALUE			
As at 30 June 1993	5,402	642	6,044
	<u> </u>	<u> </u>	<u> </u>
As at 30 June 1992	5,253	1,465	6,718
	<u> </u>	<u> </u>	<u> </u>
COST OR VALUATION			
At 30 June 1993 comprises:			
Cost	4,023	2,420	6,443
1989 valuation	<u>3,350</u>	<u>-</u>	<u>3,350</u>
	7,373	2,420	9,793
	<u> </u>	<u> </u>	<u> </u>

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

7 TANGIBLE FIXED ASSETS (CONTINUED)

If stated under historical cost principles the amounts for the total tangible fixed assets would be:

	<u>1993</u> £'000	<u>1992</u> £'000
Cost	9,433	9,043
Accumulated depreciation	<u>(2,996)</u>	<u>(2,652)</u>
Historical cost net book value	<u>6,437</u>	<u>6,391</u>
Future capital expenditure:		
Contracted for but not provided	2	10
	<u>2</u>	<u>10</u>

8 FIXED ASSET INVESTMENTS

	<u>Shares in</u> <u>subsidiary</u> <u>undertakings</u> £'000	<u>Loans to</u> <u>subsidiary</u> <u>undertakings</u> £'000	<u>Other investments</u> <u>other than loans</u> £'000	<u>Total</u> £'000
COST				
At 1 July 1992	2,808	3,578	148	6,534
Additions	526	-	-	526
Disposals	<u>(3,334)</u>	<u>(3,578)</u>	<u>-</u>	<u>(6,912)</u>
At 30 June 1993	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>
PROVISIONS				
At 1 July 1992	807	-	140	947
Disposals	<u>(807)</u>	<u>-</u>	<u>-</u>	<u>(807)</u>
At 30 June 1993	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
NET BOOK VALUE				
At 30 June 1993	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
At 30 June 1992	<u>2,001</u>	<u>3,578</u>	<u>8</u>	<u>5,587</u>

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

8 FIXED ASSETS INVESTMENTS (CONTINUED)

Subsidiary undertakings

The company's subsidiary undertakings at 30 June 1993 which are incorporated and registered in England were as follows:

	Class of shares and <u>nominal value</u>	Percentage of nominal value of issued <u>shares held</u>	Nature of <u>business</u>
Pigtales Limited	Ordinary £10,000	100	Dormant

In the opinion of the directors the aggregate value of the investments in the company's subsidiary undertaking and other investments is not less than the aggregate amount at which those assets are stated in the balance sheet.

9 STOCK

	<u>1993</u> £'000	<u>1992</u> £'000
Livestock	1,534	1,525
Consumables	<u>60</u>	<u>87</u>
	<u>1,594</u>	<u>1,612</u>

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost at 30 June 1993.

10 DEBTORS

Trade debtors	1,498	1,907
Amounts owed by parent and fellow subsidiary undertakings	8,579	2,552
Other debtors	572	472
Prepayments and accrued income	255	65
Taxation recoverable	<u>12</u>	<u>-</u>
	<u>10,916</u>	<u>4,996</u>

Other debtors include £165,000 (1992: £182,000) receivable in more than one year.

FIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>
Bank loans and overdraft	927	1,094
Trade creditors	1,180	1,114
Amounts owed to parent and fellow subsidiary undertakings	483	366
Taxation and social security	58	55
Other creditors	10	154
Accruals and deferred income	<u>461</u>	<u>191</u>
	<u>3,117</u>	<u>2,974</u>

12 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amount owed to parent undertaking	<u>15,952</u>	<u>15,676</u>
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13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	<u>Maximum potential provision</u>		<u>Provided</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	25	54	-	54
Other timing differences	109	80	-	80
Advance Corporation Tax	<u>(345)</u>	<u>(347)</u>	<u>-</u>	<u>(101)</u>
	<u>(211)</u>	<u>(213)</u>	<u>-</u>	<u>33</u>

The company has surrendered trading losses for tax purposes of approximately £900,000 to a fellow Group subsidiary.

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

14 SHARE CAPITAL

	<u>1993</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>
Authorised:		
2 million ordinary shares of 10p each	200	200
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
1,857,164 ordinary shares of 10p each	186	186
	<u> </u>	<u> </u>

15 MOVEMENT ON RESERVES

	<u>Share premium</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Profit and loss account</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 July 1992	8	1,054	23	(1,030)
Retained loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(732)</u>
At 30 June 1993	8	1,054	23	(1,762)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 FLOATING CHARGE

The assets of the company are subject to a floating charge, jointly and severally with certain other group undertakings, to secure the debenture stock of Dalgety PLC amounting to £1,973,145 (1992: £1,973,145). The debenture was repaid on 30 June 1993 and it is anticipated the charge will be released before 30 June 1994.

17 LEASE OBLIGATIONS

	<u>Land and buildings</u>		<u>Plant and machinery</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating leases				
Annual commitments which expire:				
Within one year	23	21	63	-
Between one and five years	-	-	-	70
After five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
	23	21	63	72
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

PIG IMPROVEMENT COMPANY UK LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1993 (CONTINUED)

18 ULTIMATE HOLDING COMPANY

The company's ultimate parent company is Dalgety PLC which is registered in England and which is the only parent company for which group accounts are prepared. Copies of the group accounts of Dalgety PLC may be obtained at the following address:

Dalgety PLC
100 George Street
London
W1H 5RH

-00000-