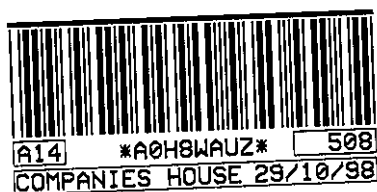


Report and Accounts

English Butter Marketing Company Limited

31 March 1998

963152



English Butter Marketing Company Limited

Registered No. 963152

DIRECTORS

P Allanson-Bailey (Chairman)
B Gooding (Miss) (Vice Chairman)
T Callanan
R E Trott
R J Newton

SECRETARY

R J Newton

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

National Westminster Bank PLC
10 Victoria Road
Surbiton
Surrey KT6 4JY

SOLICITORS

Field Fisher Waterhouse
41 Vine Street
London EC3N 2AA

REGISTERED OFFICE

41 Vine Street
London EC3N 2AA

English Butter Marketing Company Limited

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the company's accounts for the year ended 31 March 1998.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5. There remained a profit of £317 (1997 – £168) which, after deducting taxation, resulted in an increase of £283 (1997 – £149) in the balance of retained profits.

The directors recommend that no dividend be paid.

PRINCIPAL ACTIVITY

The company's business is to promote the sale of English butter under the "Country Life" brand name, and it is intended that this remains the principal activity of the company.

FUTURE DEVELOPMENTS

The licence agreement between the member companies expired on 1 April 1997. A new licence agreement has been signed for a further 5 years.

DIRECTORS AND THEIR INTERESTS

The directors of the company remain in office until removed or on ceasing to be a director as provided by the Articles of Association. No director has a beneficial interest in the company's shares, and there are no contracts with the company in which a director of the company has any interest, or arrangements between the company and its directors whereby the directors are able to obtain benefits by the acquisition of shares or debentures of the company or any other body corporate.

The directors of the company during the year were as follows:

P Allanson-Bailey
T Callanan
B Gooding (Miss) (appointed 18 December 1997)
J W D Hall (resigned 24 September 1997)
C Mason (Mrs) (appointed 24 September 1997; resigned 31 August 1998)
J A Lloyd (Miss) (resigned 18 December 1997)
R J Newton
R E Trott

The company maintained during the year liability insurance for directors and certain other officers.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

30 September 1998

English Butter Marketing Company Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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.

REPORT OF THE AUDITORS

to the members of English Butter Marketing Company Limited

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

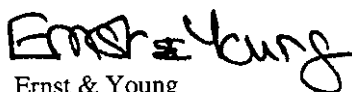
Basis of opinion

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 affairs of the company as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

30 September 1998

English Butter Marketing Company Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1998

	Notes	1998 £	1997 £
TURNOVER	2	197,150	193,412
Administrative expenses		197,879	194,068
NET OPERATING LOSS	3	(729)	(656)
Bank deposit interest receivable		1,046	824
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		317	168
Tax on profit on ordinary activities	5	(34)	(19)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		283	149
STATEMENT OF RETAINED PROFITS			
Balance at 31 March 1997		3,683	3,534
Profit for the year		283	149
Balance at 31 March 1998		3,966	3,683

There are no recognised gains or losses other than those arising in the profit and loss account.

English Butter Marketing Company Limited

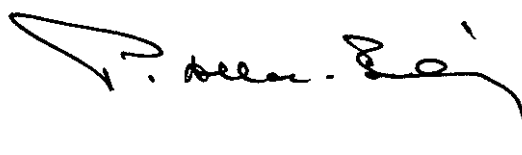
BALANCE SHEET at 31 March 1998

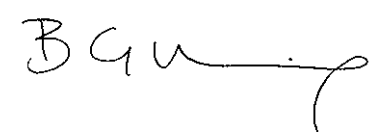
	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	6	1,967	2,395
CURRENT ASSETS			
Debtors	7	81,479	42,877
Cash at bank and in hand		23,890	59,844
		105,369	102,721
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	8	103,320	101,383
NET CURRENT ASSETS		2,049	1,338
TOTAL ASSETS LESS CURRENT LIABILITIES		4,016	3,733
CAPITAL AND RESERVES			
Called up share capital	9	50	50
Profit and loss account		3,966	3,683
		4,016	3,733

RECONCILIATION OF SHAREHOLDERS' FUNDS

	£
At 1 April 1997	3,733
Profit for the year	283
At 31 March 1998	4,016

Approved by the Board of Directors on 30 September 1998

 Director

 Director

English Butter Marketing Company Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Fixed assets

Tangible fixed assets are depreciated evenly over their estimated useful lives. The following rate of annual depreciation calculated on cost is used:

Furniture and equipment – 15%

Government grants

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Related party transactions

Related party transactions during the year are represented by contributions receivable from members during the year and contributions due and received in advance from members as at the year end.

2. TURNOVER

Turnover represents contributions receivable from members exclusive of value added tax, and is recognised on the basis of the marketing activities of the company.

3. NET OPERATING LOSS

This is stated after charging/(crediting):

	1998 £	1997 £
Depreciation of tangible fixed assets	590	868
Auditors' remuneration	2,000	2,300
Government grants	–	(15,000)
	<u> </u>	<u> </u>

The directors received no remuneration during the year (1997 – £nil).

4. STAFF COSTS

	1998 £	1997 £
Wages and salaries	28,385	26,587
Social security costs	1,935	1,813
Other pension costs	2,626	2,431
	<u> </u>	<u> </u>
	32,946	30,831

The average number of employees during the year was 1 (1997 – 1).

The employee of the company is a member of a pension scheme operated by one of the shareholders. Payment by the company has been accounted for as if it was the cost of a defined contribution scheme.

English Butter Marketing Company Limited

NOTES TO THE ACCOUNTS at 31 March 1998

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998	1997
	£	£
Based on profit for the year:		
Corporation tax at 23% (1997 – 24%)	34	19
	<u>34</u>	<u>19</u>

6. FIXED ASSETS

	<i>Furniture and equipment</i>
	£
Cost:	
At 1 April 1997	7,251
Additions	162
	<u>7,413</u>
At 31 March 1998	7,413
Depreciation:	
At 1 April 1997	4,856
Provided during the year	590
	<u>5,446</u>
At 31 March 1998	5,446
Net book value:	
At 31 March 1998	1,967
At 31 March 1997	<u>2,395</u>

7. DEBTORS

	1998	1997
	£	£
Due within one year:		
Contributions due from members	3,593	26,550
Other debtors	77,886	16,327
	<u>81,479</u>	<u>42,877</u>

8. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Contributions received in advance from members	92,193	60,750
Corporate taxation	34	19
Other taxation	—	6,552
Accruals	11,093	34,062
	<u>103,320</u>	<u>101,383</u>

Contributions received in advance from members relate primarily to marketing support activities which are expected to take place within the next twelve months.

English Butter Marketing Company Limited

NOTES TO THE ACCOUNTS at 31 March 1998

9. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
10,000 Ordinary shares of 1p each	100	100	50	50
	<u>100</u>	<u>100</u>	<u>50</u>	<u>50</u>