

1330427

TULIP INTERNATIONAL (UK) LIMITED
FORMERLY TRADING AS
ESS-FOOD (UK) GROUP LIMITED

REPORT AND ACCOUNTS

COMPANIES HOUSE
29 SEPTEMBER 1991
- 4 JUN 1992
M 57

TULIP INTERNATIONAL (UK) LIMITED

DIRECTORS

P Rasztar
F Lindelov
J W Andersen
N Talbro
G Kjeldsen
O Toft Christensen

SECRETARY

M G Forbes

AUDITORS

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

BANKERS

Barclays Bank plc
4 Bridge Street
Thetford, Norfolk
IP24 3AB

Den Danske Bank
75 King William Street
London EC4N 7DT

REGISTERED OFFICE

Howardsgate
Welwyn Garden City
Hertfordshire
AL8 6NN

REGISTERED NUMBER

1330427

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with accounts and auditor's report for the 52 weeks ended 29 September 1991.

RESULTS AND DIVIDEND

The result on ordinary activities for the 52 weeks ended 29 September 1991 amounts to a profit of £113,000 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 group is the processing, packaging and distributing of bacon, cooked meats and other food products. The company holds some investments, but is primarily a holding and co-ordinating company.

BUSINESS REVIEW

Following the merger of four Danish concerns on 1 October 1990 a new group has been formed in the UK. As a consequence of this the company name was changed to Tulip International (UK) Limited. More detail is given in the notes to the accounts.

During the year the trade has been streamlined into two divisions, Bacon and Cooked Meats, taking advantage of the size of the UK group where commercially sensible.

The profit for the year of £113,000 can be divided into Bacon Division £1,384,000 and Cooked Meat Division (£1,262,000) with Head Office costs of (£9,000). The recession in the UK has made it difficult to maintain markets. Pressure on sales prices has led to price support being necessary to sustain volumes in certain areas of the business.

DIRECTORS AND THEIR INTERESTS

B H Knudsen	(Danish) (resigned 27 September 1991)
P Rasztar	(Danish)
J Edelmann	(Danish) (resigned 27 September 1991)
H Hansen	(Danish) (resigned 27 September 1991)
O Jakobsson	(Danish) (resigned 27 September 1991)
K Johannesen	(Danish) (resigned 27 September 1991)
C Johansen	(Danish) (resigned 27 September 1991)
B Kjeldsen	(Danish) (resigned 27 September 1991)
S G Pedersen	(Danish) (resigned 27 September 1991)
W N Tiedemann	(Danish) (resigned 27 September 1991)
R J Rasmussen	(Danish) (resigned 27 September 1991)
K M Nielsen	(Danish) (resigned 27 September 1991)
B Maribo	(Danish) (resigned 27 September 1991)
N V Tange	(Danish) (resigned 27 September 1991)
G Kjeldsen	(Danish) (appointed 27 September 1991)
F Lindelov	(Danish) (appointed 27 September 1991)
J W Andersen	(Danish) (appointed 27 September 1991)
N Talbro	(Danish) (appointed 27 September 1991)
O T Christensen	(Danish) (appointed 27 September 1991)

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

P Rasztar holds one share in the company as nominee for Tulip International A/S. No other director holds any shares in the company.

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

COMMUNICATIONS WITH EMPLOYEES

During the year the group 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.

DISABLED PERSONS

It is the group's policy to encourage and offer equal consideration to disabled persons making application for employment with the group, having regard to their particular aptitudes and abilities. The nature of the business and the prevailing working conditions limit the employment of personnel with certain disabilities defined by health and safety regulations. The group 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.

FIXED ASSETS

Changes in fixed assets are set out in Note 8.

CHARITABLE DONATIONS

The group has made donations for charitable purposes of £5,934 during the year.

REPORTING

A Statement of Source and Application of Funds has not been prepared as the directors consider that for this year it will be of no benefit to the reader of the accounts.

By order of the Board



M G Forbes

Secretary

8 January 1992

REPORT OF THE AUDITORS TO THE MEMBERS OF
TULIP INTERNATIONAL (UK) LIMITED

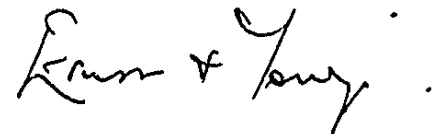
We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

Contrary to the statutory requirements no corresponding amounts have been given in respect of the prior year for the group profit and loss account and balance sheet.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and of the group at 29 September 1991 and of the profit of the group for the 52 weeks then ended and, except for the absence of corresponding amounts, have been properly prepared in accordance with the Companies Act 1985.

The group does not comply with Statement of Standard Accounting Practice No. 10 as it has not prepared a Statement of Source and Application of Funds.

Cambridge



Ernst & Young

Chartered Accountants

Registered Auditor

8 January 1992

TULIP INTERNATIONAL (UK) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 29 SEPTEMBER 1991

	Note	£'000
TURNOVER	2	201,296
Cost of Sales		<u>178,142</u>
GROSS PROFIT		23,154
Other operating expenses	3	<u>19,639</u>
OPERATING PROFIT		3,515
Interest payable		<u>3,334</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	181
Taxation on profit on ordinary activities	6	<u>68</u>
PROFIT FOR THE PERIOD	15	<u>113</u>

TULIP INTERNATIONAL (UK) LIMITED

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GROUP BALANCE SHEET - 29 SEPTEMBER 1991

	Note	£'000
FIXED ASSETS		
Tangible assets	8	22,914
Investments	9	20
		<u>22,934</u>
CURRENT ASSETS		
Stocks	10	16,074
Debtors	11	29,943
Cash at bank and in hand		4,337
		<u>50,354</u>
CREDITORS - amounts falling due within one year		
Loans and bank borrowings	12	22,293
Creditors	13	35,003
		<u>57,296</u>
NET CURRENT LIABILITIES		<u>(6,942)</u>
CREDITORS - amounts falling due after more than one year		
Loans	12	7,123
NET ASSETS		<u>8,869</u>
CAPITAL AND RESERVES		
Called-up share capital	14	200
Share premium account		275
Revaluation reserve	15	5,450
Capital reserve	17	5,000
Profit and loss account	15	(2,056)
		<u>8,869</u>

Approved by the Board on


 G Kjeldsen
 Director

8 January 1992


TULIP INTERNATIONAL (UK) LIMITED

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BALANCE SHEET - 29 SEPTEMBER 1991

	Note	1991 £'000	1990 £'000
FIXED ASSETS			
Investment in Exchequer Stock	9	20	-
Investment in subsidiaries	16	14,726	5,302
		<u>14,746</u>	<u>5,302</u>
CURRENT ASSETS			
Debtors	11	1	-
CREDITORS - amounts falling due within one year	13	30	-
NET CURRENT LIABILITIES		<u>(29)</u>	<u>-</u>
CREDITORS - amounts falling due after more than one year			
Loans	12	6,236	10
NET ASSETS		<u>8,481</u>	<u>5,292</u>
CAPITAL AND RESERVES			
Called-up share capital	14	200	200
Share premium account		275	275
Capital reserve	17	5,000	5,000
Revaluation reserve	15	3,178	-
Profit and loss account	15	(172)	(183)
		<u>8,481</u>	<u>5,292</u>

Approved by the Board on


 C. Kjeldsen
 Director
 8 January 1992

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

1 ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Basis of consolidation

The group accounts consolidate the accounts of Tulip International (UK) Limited and all its subsidiary undertakings drawn up to 29 September 1991. No profit and loss account is presented for Tulip International (UK) Limited as provided by section 230 of the Companies Act 1985. Group accounts were not presented at 29 September 1990 as the company was a wholly owned subsidiary undertaking and the directors considered that the production of group accounts would involve expense and delay out of proportion to the value to the members, as permitted by section 229(3) of the Companies Act 1985. Consequently comparative figures are not available and the directors consider that in view of the significant changes to the group in the year that they would not enhance the accounts.

(c) Depreciation

The cost of fixed assets is, except in the case of freehold land which is not depreciated, written off over their expected useful lives using the straight line method as follows:

Buildings -	
Freehold factories	20 years
Long leasehold property	20 years or period of lease
Plant, machinery, fixtures and fittings	5 years
Motor vehicles	4 years

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

Cost incurred in bringing each product to its present location and condition is based on:-

Raw materials - purchase cost.

Finished goods - actual cost of direct materials and labour and an appropriate proportion of manufacturing overheads.

(e) 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.

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

1 ACCOUNTING POLICIES (continued)

(f) Hire purchase and leasing transactions

Hire purchase and finance leases

Assets acquired under hire purchase and finance lease contracts are capitalised and are included under tangible fixed assets. The corresponding liabilities are included in loans. Interest is charged to the profit and loss account over the period of the lease in accordance with the straight line or reducing balance method.

Operating Leases

Operating lease rentals are charged to the profit and loss account as they fall due.

(g) Pensions

The expected cost of pensions in respect of the companies' defined benefit schemes is charged to the profit and loss account so as to spread the cost of pensions over the pensionable service of employees in the scheme. Where a variation arises due to a fund surplus it is spread over the expected remaining service lives of current employees in the schemes in accordance with Statement of Standard Accounting Practice No. 24.

(h) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies at the year end are translated into sterling at the rate of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods which fall within the group's ordinary activities, stated net of value added tax.

The group operates in two principal areas of activity, that of bacon through Tulip International (UK) Bacon Division Limited and cooked meat products through Tulip International (UK) Cooked Meat Division Limited. The markets for both segments is primarily the UK. Sales of bacon outside the UK amounts to £2,141,000. There is no inter-segment trading. Turnover, group profit on ordinary activities before taxation and net assets are analysed as follows:-

	Bacon £'000	Cooked Meat £'000	Group General £'000	Total £'000
Turnover	114,968	86,328	-	201,296
Profit/(loss) before taxation	1,452	(1,262)	(9)	181
Net assets	11,087	4,027	(6,245)	8,869

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

3 OTHER OPERATING EXPENSES

£'000

Distribution costs	6,323
Selling and marketing costs	8,481
Administration expenses	4,835
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	19,639
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4 PROFIT ON ORDINARY ACTIVITIES

£'000

Profit on ordinary activities is stated after charging -	
Hire of plant and machinery	2,505
Contract hire	135
Auditors' remuneration	110
Depreciation of tangible fixed assets	
Owned	2,517
Leased and hire purchase	320
Interest on bank overdraft, bills payable and loans	
repayable within 5 years	3,195
Leased assets finance cost	139
Loss on disposal of tangible fixed assets	40
and after crediting:-	
Interest receivable	501
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Of the profit for the year a loss of £9,000 is dealt within the accounts for the parent company.

5 DIRECTORS AND STAFF

Included in cost of sales and other operating expenses of the group are the following:

£'000

(i) Staff costs

Wages and salaries	15,367
Social security costs	1,241
Other pension costs	880
	<hr/>
	17,488
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Staff numbers - The average number of persons employed by the group, including directors, during the period was:

Production and supervisors	1,028
Administration and sales	178
Warehouse and distribution	102
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	1,308
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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

5 DIRECTORS AND STAFF (continued)

(ii) Information regarding directors

Remuneration: £'000

Directors' emoluments amount to	237
Remuneration as executives	30
Compensation	18
Pension contributions	<u>285</u>

Directors' remuneration, excluding pension contributions, is analysed as follows:

	£'000
Chairman	-
Highest paid director	<u>119</u>

Falling within the following ranges:-

	Number
£0 - £5,000	16
£65,001 - £70,000	1
£75,001 - £80,000	1
£115,001 - £120,000	1

6 TAXATION

£'000

Based on the profit for the year at 34%	48
Credit arising from group relief	(116)
Adjustment in respect of prior years	<u>(68)</u>

Subject to agreement the group has tax losses available to carry forward for offset against corporation tax payable on future taxable trading income amounting to approximately £10.9M.

7 DEFERRED TAXATION

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

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

8 TANGIBLE FIXED ASSETS

	Property £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation brought forward	11,091	8,828	1,452	573	21,944
Additions	1,206	3,070	348	40	4,664
Disposals	-	(432)	(77)	(281)	(790)
Carried forward	12,297	11,466	1,723	332	25,818
Depreciation brought forward	76	108	187	287	658
Charge for period	459	1,965	312	101	2,837
Disposals	-	(372)	(37)	(182)	(591)
Carried forward	535	1,701	462	206	2,904
Net book value carried forward	11,762	9,765	1,261	126	22,914
Net book value brought forward	10,827	9,090	1,265	286	21,468
Assets at valuation					
Historical cost	9,163	15,331	2,356	479	27,329
Cumulative depreciation	2,726	10,125	1,464	406	14,721

Cost or valuation brought forward includes assets acquired on the merger of the group referred to in Note 16. The net book value of assets subject to hire purchase and lease agreements included in the above amounts to £2,599,000.

The net book value of property is analysed as follows:-

	£'000
Freehold property	10,741
Short leasehold property	1,021
	<u>11,762</u>

The value of land included in the above is £1,515,000.

9 INVESTMENTS

The investment comprises a holding of 15% Exchequer Stock 1997 purchased during the year. It is stated at cost in the balance sheet.

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

10 STOCKS

	£'000
Raw materials	7,748
Consumables	1,109
Finished goods	6,570
Factory and engineering goods	647
	<u>16,074</u>

The company held no stocks during the year or the previous year.

11 DEBTORS

	Group £'000	Company £'000
Trade debtors	18,522	-
Due from parent undertakings	8,104	-
Prepayments and accrued income	1,759	1
Other taxes recoverable	1,558	-
	<u>29,943</u>	<u>1</u>

The company had no debtors as at 30 September 1990.

12 LOANS AND BANK BORROWINGS

	Group		Company	
	Due within one year £'000	Due after one year £'000	Due after one year 1991 £'000	1990 £'000
Bank borrowings	21,908	-	-	-
Finance leases	367	887	-	-
Debenture loan	18	-	-	-
Parent company	-	6,236	6,236	10
	<u>22,293</u>	<u>7,123</u>	<u>6,236</u>	<u>10</u>

All company loans and bank borrowings are due after one year.

13 CREDITORS

	Group £'000	Company £'000
Trade creditors	6,064	-
Due to parent undertaking	23,734	-
Due to subsidiary undertaking	-	20
Corporation tax	327	-
Other taxes and social security costs	366	-
Accruals	4,512	10
	<u>35,003</u>	<u>30</u>

The company had no creditors at 30 September 1990.

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

14 CALLED-UP SHARE CAPITAL

The called-up share capital of the company at the beginning and the end of the year was:

	Authorised Number '000	Allotted Called up & Fully paid £'000
Ordinary shares of £1 each	200	200

15 STATEMENT OF MOVEMENT ON RESERVES

Group	Revaluation Reserve £'000	Profit & Loss Account £'000
At 1 October 1990	6,069	(2,788)
Retained profit for year	-	113
Depreciation of revalued assets	(586)	586
Disposal of revalued assets	(33)	33
At 29 September 1991	5,450	(2,056)
Company		
At 1 October 1990	-	(183)
Retained loss for year	-	(9)
Revaluation of investments	3,198	-
Disposal of revalued assets	(20)	20
At 29 September 1991	3,178	(172)

16 INVESTMENT IN SUBSIDIARIES

On 1 October 1990 it was agreed that four Danish concerns would merge and form a new UK group. As a consequence of this the existing subsidiaries were revalued and all but Tulip International (UK) Bacon Division Limited (formerly ESS-FOOD Danepak Limited) were sold. The new group was formed through the purchase of Tulip International (UK) Croydon Limited, Tulip International (UK) Cooked Meat Division Limited and Tulip International (UK) Wellingborough Limited. All subsidiary companies are registered in England and the company holds 100% of the share capital of each. Investment in these companies has been accounted for by the acquisition method and is analysed as follows:-

	Cost 1.10.90 £'000	Additions at Cost £'000	Revaluation £'000	Disposals £'000	29.9.91 £'000
T.I. (UK) Bacon Division Ltd	5,186	-	3,178	-	8,364
Anglo Danish Food Transport Ltd	-	-	-	-	-
ESS-FOOD UK Limited	10	-	(10)	-	-
Bacon Distribution Centre Ltd	88	-	24	(112)	-
ESS-FOOD Fresh Meat Ltd	18	-	6	(24)	-
T.I. (UK) Croydon Ltd	-	1,061	-	-	1,061
T.I. (UK) Cooked Meat Div. Ltd	-	3,194	-	-	3,194
T.I. (UK) Wellingborough Ltd	-	2,107	-	-	2,107
	5,302	6,362	3,198	(136)	14,726

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

16 INVESTMENT IN SUBSIDIARIES (continued)

The surplus on revaluation has been transferred to the revaluation reserve.

The sale of Anglo Danish Food Transport Limited, ESS-FOOD UK Limited, Bacon Distribution Centre Limited and ESS-FOOD Fresh Meat Limited was at their revised values.

Dormant companies, all registered in England, in which the newly purchased subsidiaries have a 100% holding are as follows:-

Lane Foods Company Limited
Henry A Lane & Company Limited
Nor meat Company Limited
Hafnia Ham Company Limited
Danefresh Foods Limited

Dormant companies have not been consolidated within the group accounts on the basis that the companies are dormant and are not material.

17 CAPITAL RESERVE

The capital reserve of £5,000,000 represents capital contribution from the parent company in 1989.

18 NET ASSETS AT ACQUISITION

	Bacon Division £'000	Croydon £'000	Cooked Meat Div. £'000	W'boro £'000	Total £'000
Fixed assets	14,806	618	3,543	2,476	21,443
Current assets	14,929	14,665	12,718	8,125	50,437
	29,735	15,283	16,261	10,601	71,880
Current liabilities	(20,784)	(14,222)	(13,049)	(8,494)	(56,549)
Long term liabilities	(587)	-	(18)	-	(605)
Fair value to group	8,364	1,061	3,194	2,107	14,726
Consideration payable to Tulip International A/S	-	1,061	3,194	2,107	6,362
Value of investment in Bacon Division	8,364	-	-	-	8,364

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

19 FINANCIAL AND CAPITAL COMMITMENTS

£'000

The directors have authorised future capital expenditure which amounts to

Contracted

69

Not contracted for

1,169

Future commitments on operating leases for motor vehicles payable within one year

Contracts - expiring within 1 year

39

Contracts - expiring within 2-5 years

190

229

20 PENSIONS

Following the merger the group currently operates three pension plans and intends to review the possibilities of combining these schemes in the future.

ESS-FOOD UK Group Pension Plan

The company's pension scheme was assessed by Willis Consulting Limited, actuaries, as at 1 July 1989 using the projected unit basis.

The principal actuarial assumptions adopted in the valuation were that, over the long term, the annual rate of return on investments would be 1.5% 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 117% 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.

Thus:

	1991 £'000	1990 £'000
Balance brought forward	324	(107)
Charged to profit and loss account	514	470
Contributions paid to pension scheme	(218)	(39)
Accrual at 29 September 1991	620	324

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1991

20 PENSIONS (continued)

Jaka Foods Group Limited Pension Scheme

The valuation method used is the Attained Age method and the most recent valuation was at 31 December 1989. The assumptions which have had the most significant effect on the results of the valuation are those relating to the growth rate of the fund and the rate of increase in salaries. It was assumed that the growth rate of the fund is 9% per annum and that members pensionable salaries increase at the rate of 7% per annum.

The profit and loss account charge represents the regular pension cost which is calculated as a level percentage of gross pensionable payroll, currently 20.7%. The pension cost for the year in respect of this pension scheme was £411,330 (1990 - £300,639).

The most recent actuarial valuation showed that the face value of the scheme's assets was £2,460,000 and that the actuarial value of those assets represented 117% of the benefits that had accrued to members.

Normeat (UK) Limited Pension Scheme

The valuation method used is the Projected Unit method with a five year control period and the most recent valuation was at 6 April 1990. The assumptions which have had the most significant effect on the results of the actuarial valuation are those relating to investment yields and the rate of increase in salaries. It was assumed that investment yields will be 9% per annum and that members pensionable salaries will increase at the rate of 7% per annum.

The pension charge for the period was £59,065.

The most recent actuarial valuation showed that the face value of the scheme assets was £709,000 and that the actuarial value of those assets represented 119% of the benefits that had accrued to members.

21 ULTIMATE PARENT COMPANY

At the year end the ultimate holding company was Tulip International A/S incorporated in Denmark.