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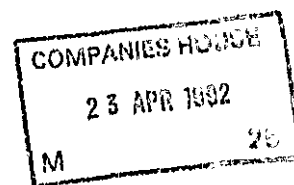
UB (ROSS YOUNG'S) LIMITED

REPORT AND ACCOUNTS

FOR

THE 52 WEEKS ENDED

28th DECEMBER 1991



Directors' Report

Directors

A.G. Clark
D.R.J. Stewart
J.A. Warren

The directors present their report and the accounts for the fifty-two weeks ended 28th December, 1991.

Principal activities

The principal activities of the company are the manufacture and processing of frozen and chilled food products for the UK retail and catering markets.

Sales, at £542.9m, were 4% down on 1990 and trading profits fell to £27.4m.

The company made considerable progress in 1991 in reshaping and focusing its business. However, it was a year in which severely depressed conditions in the catering sector and a second half slowdown in the frozen retail market inhibited financial progress.

The catering market remained in decline throughout 1991. As both a manufacturer and a wholesaler supplying caterers, the company was severely affected. Conditions in the retail frozen market also became more difficult as the year progressed, with the growth in sales value slowing from 3% in the first half to 1% in the second half. In addition, profitability was adversely affected by consumer down-trading from added value to commodity products and by switching from branded to own label products.

At the beginning of 1991 the company announced further reshaping of its business, involving the disposal of three businesses, two factory closures and withdrawal from retail store distribution. This programme has been successfully implemented, with the achievement of all cost reduction targets, and in January 1992 was extended to cover the disposal of the catering depot wholesaling business. The loss on disposal amounts to £1.6m, representing the excess of the net assets disposed of over the net proceeds receivable, and has been charged as an extraordinary item. As a result of this simplification process, the company is now wholly focused on its role as a manufacturer, concentrating its investment on the seafood, pizza and desserts product sectors.

Profits and appropriations for the year

The profit and appropriations for the year are as shown in the profit and loss account on page three. The directors do not recommend the payment of a dividend.

Research and development

The company has maintained its commitment to research and development. Continuity of investment in this area is essential if the company is to retain a competitive position in the development of new products and in more efficient and effective production and packing machinery.

Employment policies

The company has a comprehensive framework of employment policies.

Employees at all levels shall not in the course of employment discriminate against any other person, or be discriminated against on the grounds of colour, race, religion, sex, marital status, ethnic or national origins. The policy applies in respect of all conditions of work, including salaries and wages, hours of work, holiday entitlement, overtime and shift work, work allocation, sick pay, recruitment, training, promotion, redundancy and use of available amenities.

Equal opportunities are offered to disabled persons, whether registered or not, applying for vacancies having regard to their aptitude and abilities. Arrangements are made to continue the employment whenever possible of those employees who have become disabled. Consideration is also given to arranging appropriate training facilities or providing special aids where necessary. In addition it is the company's policy to provide disabled persons with the same opportunities for training, career development and promotion as are available to all our employees within the limitations of their aptitudes and abilities.

There are regular consultations at all levels with employees through unions, representatives, staff councils and consultative committees. Information on matters of concern to employees is given through employee reports, in-house newspapers and other publications.

The company not only complies with the safety and health measures required by law, but acts positively to ensure that its premises are safe and healthy places in which to work. It recognises that the health, safety and welfare of all its employees, whether on company premises or carrying out company business elsewhere, is primarily management's responsibility. In addition, the company recognises it has a responsibility for the health and safety of other persons whilst they are on its premises.

Directors

The names of the present directors, all of whom served throughout the year, are as stated on page one. In accordance with the articles of association they remain in office. Mr. R. C. Clarke resigned on 4th March 1991.

No arrangements to which the company was a party subsisted at the end of the year or at any time during the year which would enable directors or their families to acquire benefits by the acquisition of shares in, or debentures of, the company or any other body corporate.

No director had, during the year or at the end of the year, any material interest in any contract of significance to the company's business.

The interest of the directors and their families in the share capital of the ultimate parent company at the beginning and end of the year are set out in note 18 to the accounts.

Auditors

A resolution to re-appoint Ernst & Young will be put to the annual general meeting.

On behalf of the board



D.R.J. Stewart
Secretary

27th March 1992

UB (Ross Young's) Limited

Profit & loss account

for the 52 weeks ended 28th December 1991

Notes		52 weeks ended 28th December 1991 £m	52 weeks ended 29th December 1990 £m
2	Turnover	542.9	564.4
	Trade discounts	118.1	116.6
	Turnover after trade discounts	424.8	447.8
	Cost of sales	337.3	353.6
	Gross profit	87.5	94.2
	Distribution, selling and marketing costs	47.8	52.2
	Administrative expenses	12.3	11.8
2	Trading profit	27.4	30.2
3	Interest	7.5	8.6
	Profit before profit sharing	19.9	21.6
4	Profit sharing	0.4	0.4
	Profit on ordinary activities before tax	19.5	21.2
5	Tax on profit on ordinary activities	5.7	4.3
	Profit on ordinary activities after tax	13.8	16.9
6	Extraordinary item	1.6	10.4
15	Profit for the financial year and transferred to reserves	12.2	6.5

UB (Ross Young's) Limited

Balance Sheet

28th December 1991

Notes		1991 £m	1990 £m
	Fixed assets		
7	Tangible assets	98.0	100.6
8	Investments	0.6	0.6
		98.6	101.2
	Current assets		
9	Stocks	62.3	75.1
10	Debtors	55.8	62.0
	Amounts owed by parent company and fellow subsidiaries	62.6	366.9
	Cash at bank and in hand	2.5	45.1
		183.2	549.1
	Creditors: amounts falling due within one year		
11	Trade and other creditors	66.6	74.3
12	Loans, overdrafts and finance lease obligations	-	0.3
	Amounts owed to parent company and fellow subsidiaries	87.5	446.9
	Taxation	0.7	(0.1)
		154.8	521.4
	Net current assets	28.4	27.7
	Total assets less current liabilities	127.0	128.9
	Creditors: amounts falling due after more than one year		
13	Provisions for liabilities and charges	8.0	22.1
		119.0	106.8
	Capital and reserves		
14	Called up share capital	0.1	0.1
15	Share premium account	37.8	37.8
15	Capital reserve	34.2	34.2
15	Profit and loss account	46.9	34.7
		119.0	106.8

Signed on behalf of the board on 27th March 1992

A.G. Clark

D.R.J. Stewart

Notes to the accounts

1. Accounting policies

Basis of accounting

The accounts are prepared on the historical cost basis of accounting, except for the revaluation of certain assets, and in accordance with applicable accounting standards. The company has not produced group accounts as its ultimate parent company is United Biscuits (Holdings) plc, which is incorporated in Great Britain.

Turnover

Turnover consists of sales to third parties before discounts and excludes value added tax.

Tangible Assets

Depreciation is calculated to write off the cost or valuation of the assets (net of government grants) over their expected useful lives by equal annual instalments principally at the following rates:

Land and building (except as noted below) - 1½% unless short leasehold.

Short leasehold - over the life of the lease.

Plant - 3-25%

Vehicles - 20-30%

Revalued buildings are depreciated over their remaining useful lives as estimated at the revaluation date.

Leasing and hire purchase commitments

Assets obtained 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 primary lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost in the case of products manufactured by the company comprises direct material and labour cost together with appropriate factory overheads.

Pensions

The expected cost of the company's pension schemes is charged to the profit and loss account over the service lives of employees. Variations from regular cost are spread over the expected remaining service lives of the relevant employees.

Notes to the accounts

1. Accounting policies continued

Taxation

Deferred taxation is provided on all timing differences of material amount except where no liability is likely to arise in the foreseeable future.

Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, all differences being taken to the profit and loss account.

Goodwill

On the acquisition of a subsidiary, business or related company fair values are attributed to the net tangible assets acquired. Where the consideration exceeds the aggregate value of these assets, the difference is treated as goodwill and is charged directly to reserves.

Research and development

Expenditure on research and development is written off as incurred.

Subsidiaries

All subsidiary undertakings are also subsidiaries (by which term they are referred to throughout these accounts) as defined by Section 736 of the Companies Act 1985.

Comparative figures

Certain comparative figures in the notes to the accounts have been revised in minor respects on to a basis consistent with that applied in the current year.

Cash flow statement

The company has not produced a cash flow statement as the ultimate holding company, United Biscuits (Holdings) plc has prepared a consolidated cash flow statement complying with FRS 1.

UJB (Ross Young's) Limited

Notes to the accounts continued

2 Trading profit

All of the company's turnover arose in the United Kingdom and in the opinion of the directors is all in the same business segment, relating to the manufacture of frozen and chilled food products.

Trading profit is after charging:	1991 £m	1990 £m
Depreciation	13.8	10.4
Operating lease rentals - plant and machinery	2.8	2.6
- land and buildings	2.3	2.3
Research and development	2.2	2.2

The directors' emoluments for the year were £nil (1990 £nil).

The auditors' remuneration amounted to £156,000 (1990 £148,000).

3 Interest

	1991 £m	1990 £m
Interest payable to other Group company	7.5	8.6

4 Profit sharing

	1991 £m	1990 £m
Allocation of profit in respect of the employee profit sharing scheme	0.4	0.4

5 Tax on profit on ordinary activities

	1991 £m	1990 £m
UK corporation tax at 33.25 % (1990 - 35 %)	1.5	2.6
Adjustment in respect of prior year	1.9	-
Deferred tax	2.3	1.7
	5.7	4.3

6 Extraordinary item

	1991 £m	1990 £m
Cost of withdrawing from specific business segments	2.3	12.5
Current tax	(0.7)	(0.8)
Deferred tax	-	(1.3)
	1.6	10.4

UB (Ross Young's) Limited
7
Tangible assets

	Land & Buildings		Plant, machinery & vehicles	Fixtures & fittings	Projects in progress	Total
	Freehold	Leasehold				
	£m	£m	£m	£m	£m	£m
Cost-less government grants-or valuation						
At 29th December 1990	24.6	17.5	122.3	8.4	0.7	173.5
Additions	1.2	2.7	13.8	0.4	0.4	18.5
Disposals	(4.3)	(0.2)	(15.5)	(0.3)	-	(20.3)
Reclassifications	0.2	-	0.5	-	(0.7)	-
At 28th December 1991	21.7	20.0	121.1	8.5	0.4	171.7
Depreciation						
At 29th December 1990	1.8	1.9	64.5	4.7	-	72.9
Charge for year	1.5	0.4	10.9	1.0	-	13.8
Disposals	(0.3)	(0.1)	(12.3)	(0.3)	-	(13.0)
Reclassifications	-	0.1	(0.1)	-	-	-
At 28th December 1991	3.0	2.3	63.0	5.4	-	73.7
Net book value at 28th December 1991	18.7	17.7	58.1	3.1	0.4	98.0
Net book value at 29th December 1990	22.8	15.6	57.8	3.7	0.7	100.6

The directors are of the opinion that any differences between current market valuations and book values of land and buildings in the company are not material.

The net book value of leasehold properties includes £3.4m (1990 £2.6m) in respect of leases with under fifty years to run at 28th December 1991.

Analysis of leased tangible assets

The book value of plant, machinery and vehicles acquired under finance lease and hire purchase arrangements is set out below.

	£m
At 28th December 1991	
Cost	7.8
Depreciation	7.4
Net book value	0.4
Net book value at 29th December 1990	0.9

UB (Ross Young's) Limited**Notes to the accounts continued****8 Investments**

	1991 £m	1990 £m
Investments in subsidiaries	0.6	0.6

All the subsidiaries were wholly owned and dormant throughout the year. In the opinion of the directors the value at which the investments are stated in the accounts is not less than the aggregate value of the investments.

9 Stock

	1991 £m	1990 £m
Raw materials and consumables	21.7	29.6
Work in progress	14.1	14.8
Finished goods	26.5	30.7
	<u>62.3</u>	<u>75.1</u>

There is no material difference between the replacement cost and historical cost of stock.

10 Debtors

	1991 £m	1990 £m
Trade debtors	52.5	58.7
Other debtors	0.4	0.1
Prepayments and accrued income	2.9	3.2
	<u>55.8</u>	<u>62.0</u>

Debtors includes £1.0m (1990 £0.7m) which is not due within one year.

11 Trade and other creditors

	1991 £m	1990 £m
Trade creditors	25.3	24.5
Other creditors	1.8	3.4
Other taxes and social security costs	2.8	1.1
Accruals and deferred income	36.7	45.3
	<u>66.6</u>	<u>74.3</u>

UB (Ross Young's) Limited

Notes to the accounts continued

12 Loans, overdrafts and finance lease obligations

	1991 £m	1990 £m
Finance lease obligations	-	0.3
	-	0.3
Repayable as follows:		
Under one year	-	0.3
	-	0.3

Finance lease obligations are generally secured on the tangible assets to which the obligations relate (see note 7).

13 Provisions for liabilities and charges

	Deferred tax £m	Deferred pensions £m	Rationalisation provisions £m	Total £m
At 29th December 1990	(0.7)	1.1	21.7	22.1
Profit and loss charge	2.3	1.0	2.3	5.6
Utilised during the year	-	-	(19.7)	(19.7)
At 28th December 1991	1.6	2.1	4.3	8.0

Deferred taxation	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 29th December 1990	2.0	(2.7)	(0.7)
Profit and loss charge	-	2.3	2.3
At 28th December 1991	2.0	(0.4)	1.6

The potential liability for deferred tax, arising from accelerated capital allowances, which has not been provided for in the accounts is £13.2m.

UB (Ross Young's) Limited**Notes to the accounts continued****14 Share capital**

	1991	1990
Authorised shares of £1 each	£40,000	£40,000
Allotted, called up and fully paid shares of £1 each	£37,978	£37,978

15 Reserves

	Share premium £m	Other reserve £m	Profit and loss account £m
At 29th December 1990	37.8	34.2	34.7
Profit for the year	-	-	12.2
At 28th December 1991	37.8	34.2	46.9

16 Pay and benefits to employees

	1991 £m	1990 £m
Gross wages and salaries, holiday and sick pay	64.6	70.6
Social security costs	5.6	5.4
Pensions and other costs	1.4	1.3
	71.6	77.3

During the period the average number of employees was 6,825 (1990 - 8,453).

Pension Schemes

The company's principal pension scheme is of the defined benefit type funded by payments to a separate trustee administered fund. The latest actuarial valuation of this scheme was carried out by independent qualified actuaries on 6th April 1991.

The main actuarial assumptions were as follows:

Investment return per annum	9%
Wages and salaries increases per annum	7%
Pension increases per annum	5%

The attained age actuarial method was used. The total market value of the scheme's assets used for the valuations, together with the funding level as a percentage of accrued benefit liabilities, was £30m (85%). Certain employees of the company are members of the United Biscuits (UK) Limited pension schemes.

At 28th December 1991 included in provisions for liabilities and charges is an amount of £2.1m (1990 - £1.1m) resulting from the differences between cost and the amounts funded.

UB (Ross Young's) Limited

Notes to the accounts continued

17 Financial commitments

The company's financial commitments at the year-end in respect of finance lease obligations are set out in note 12. The company's financial commitments in respect of capital expenditure and rentals are summarised below:

	1991 £m	1990 £m
Capital expenditure:		
Contracted for	1.7	5.6
Authorised but not contracted for	5.5	0.6

Rental commitments

As at 28th December 1991 the company had annual rental commitments in respect of operating leases as follows:

	1991		1990	
	Land & buildings	Other	Land & buildings	Other
Expiring - within one year	0.5	0.9	0.2	0.5
- over one year and under five years	0.9	0.5	0.9	1.1
- over five years	0.6	-	0.4	-
	<u>2.0</u>	<u>1.4</u>	<u>1.5</u>	<u>1.6</u>

18 Directors' interests in the share capital of the ultimate holding company

	Ordinary Shares		Options	
	1991	1990	1991	1990
A.G. Clark	36,983	34,457	64,661	54,618
D.R.J. Stewart	14,530	13,033	105,550	94,624
J.A. Warren	1,877	1,262*	140,004	95,404*

The options are exercisable at prices varying from 190p to 391p up to April 2001.

* At date of appointment - 31st December 1990.

19 Ultimate parent company

The ultimate parent company is United Biscuits (Holdings) plc which is registered in Scotland and incorporated in Great Britain. Copies of the group accounts can be obtained from Church Road, West Drayton, Middlesex UB7 7PR.

Report of the auditors

to the members of UB (Ross Young's) Limited

We have audited the accounts on pages 3 to 12 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 28th December 1991 and of the profit for the fifty-two weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

27th March 1992