

Registered No. 2207650

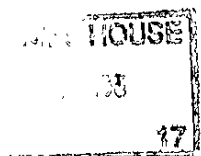
UB (ROSS YOUNG'S) LIMITED

REPORT AND ACCOUNTS

FOR

THE 53 WEEKS ENDED

2nd JANUARY 1993



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UB (Ross Young's) Limited

Directors' Report

Directors

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

The directors present their report and the accounts for the fifty-three weeks ended 2nd January 1993.

Principal activities, review of the business and future developments

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

Although turnover was down 4% at £520m, due to disposals and product rationalisation, 6% growth was achieved in retained activities. Operating profits increased by 4% to £28.4m, and margins from 5.0% to 5.5%.

Although UK frozen food volumes remained static during 1992, Ross Young's made good headway. The rationalisation programme completed in 1991 provided a competitive cost base, and the company gained additional focus and impetus from the reorganisation into specialist business units. Overall market share increased by 0.8% to 18.2%.

Three of the five new specialist business units each achieved substantial gains both in sales and market share. In the fourth new retail unit, Vegetables, margins were severely impacted by pea surpluses, and in the fifth unit, Catering, sales were again depressed by severe market conditions.

Major capital projects in 1993 included further modernisation of Young's chilled fish processing factory at Grimsby and a new line for bakery desserts at Okehampton.

In 1992 a three-year programme started to modernise and expand existing manufacturing facilities for frozen seafood products at South Quay in Grimsby. The initial stage of the investment includes a new facility for making ready meals enabling Young's to enter this sector with the launch of two ranges of high quality seafood dishes.

The strong growth in the year of the San Marco brand in pizzas and of Oriental express in ready meals shows the value of developing specialist brands. Similar opportunities are now being pursued using the Linda McCartney brand for vegetarian dishes and the Young's brand for seafood. Taken together, the year's developments should contribute materially to the continuing progress of Ross Young's in 1993.

Research and development

Research and development expenditure plays an essential part in the company's commitment to product innovation and the development of more effective production and packaging technology. In addition to new product success, significant research advances were achieved in the understanding of key raw materials and processes.

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.

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 or ethnic or national origins. This 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 aptitudes and abilities. Arrangements are made to continue the employment whenever possible of those employees who have become disabled. Consideration is also given for arranging appropriate training facilities or providing special aids where necessary. Disabled persons are also provided with the same opportunities for training, career development and promotion that are available to all employees within the limitations of their aptitudes and abilities.

There are regular consultations at all levels with employees through union 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 the 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 who served throughout the year are as stated on page one. In accordance with the articles of association they all remain in office.

Directors of the company are eligible to participate in the group's employee share schemes. Except in relation to the scrip dividend alternative, no other 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 interests of the directors and their families in the share capital of the ultimate parent company, United Biscuits (Holdings) plc, at the beginning and end of the year are set out in note 17 to the accounts.

The company insures the liability of its directors and officers.

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

29th March 1993.

VB (Ross Young's) Limited

Profit & loss account

for the 53 weeks ended 2nd January 1993

Notes	1992 (53 weeks) £m	1991 (52 weeks) as restated £m
2 Turnover		
Continuing operations	519.9	489.4
Discontinued operations	-	53.5
Total turnover	519.9	542.9
Trade discounts	98.9	103.8
Turnover after trade discounts	421.0	439.1
Cost of sales	327.5	337.3
Gross profit	93.5	101.8
Distribution, selling and marketing costs	52.8	62.1
Administrative expenses	12.3	12.3
2 Operating Profit		
Continuing operations	28.4	25.5
Discontinued operations	-	1.9
Total operating profit	28.4	27.4
Provision for loss on operations to be discontinued	-	(2.3)
Loss on disposal of discontinued operations	2.3	-
Less 1991 provision	(2.3)	-
2 Profit before interest and profit sharing	28.4	25.1
3 Interest	6.0	7.5
4 Employee profit sharing	0.3	0.4
Profit on ordinary activities before tax	22.1	17.2
5 Tax on profit on ordinary activities	(1.8)	5.0
14 Profit on ordinary activities after tax transferred to reserves	23.9	12.2

There were no recognised gains or losses other than the profit for the period.

There is no material difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis.

UB (Ross Young's) Limited

Balance Sheet

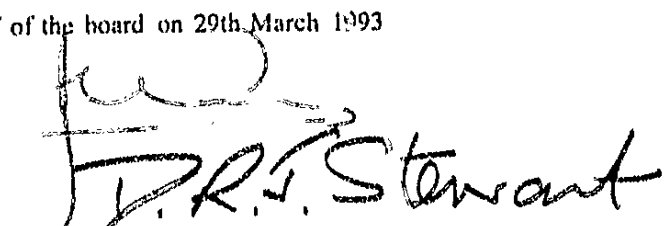
2nd January 1993

Notes		1992 £m	1991 £m
6	Fixed assets		
7	Tangible assets	95.8	98.2
	Investments	0.6	0.6
		96.4	98.8
8	Current assets		
9	Stocks	53.3	62.3
	Debtors	48.5	55.8
	Amounts owed by parent company and fellow subsidiary undertakings	98.4	62.6
	Cash at bank and in hand	2.0	2.5
		202.2	183.2
10	Creditors: amounts falling due within one year		
	Trade and other creditors	60.1	66.7
	Amounts owed to parent company and fellow subsidiary undertakings	89.1	87.5
	Taxation	1.3	0.7
		150.5	154.9
	Net current assets	51.7	28.3
	Total assets less current liabilities	148.1	127.1
11	Creditors: amounts falling due after more than one year		
	Other creditors	0.5	0.1
12	Provisions for liabilities and charges	4.7	8.0
		142.9	119.0
13	Capital and reserves		
14	Called up share capital	0.1	0.1
14	Share premium account	37.8	37.8
14	Capital reserve	34.2	34.2
14	Profit and loss account	70.8	46.9
14	Shareholders' funds	142.9	119.0

Signed on behalf of the board on 29th March 1993

J.A. Warren

D.R.J. Stewart



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.

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 over their expected useful lives by equal annual instalments principally at the following rates:

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

Short leasehold - over the life of the lease.

Plant - 3-15%

Vehicles - 20-30%

Fixtures & Fittings - 10-33%

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 raw materials and goods for resale is determined on a first-in, first-out basis. Cost, in the case of products manufactured by the company, comprises direct material and labour cost together with appropriate factory overheads.

Commodity purchases

Certain commodities are purchased on the futures market in order to reduce the exposure to changes in the cost of ingredients. When contracts are closed, the realised surplus and deficits are applied against the cost of the related ingredients in the year of delivery.

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.

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. Advance corporation tax is carried forward provided that it is expected to be offset against corporation tax liabilities on the profits of the next accounting period.

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.

Research and development

Expenditure on research and development is written off as incurred.

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.

Government grants

Capital grants received in respect of any fixed assets are credited to deferred income and amortised to the profit and loss account over the economic useful lives of the assets to which they relate.

Prior year adjustments

The accounts comply with Financial Reporting Standard "Reporting Financial Performance" (FRS3) which introduces changes to the presentation of accounts. As a consequence, items previously reported as extraordinary have been reclassified.

The accounting treatment of capital grants noted above represents a change of accounting policy from prior years when grants were deducted from the cost of fixed assets and the net expenditure was capitalised. Comparative figures in the balance sheet have been adjusted. The change has no effect on the results for the year or for the preceding year.

Certain other comparative figures in the accounts and the notes thereto have been revised in minor respects onto a basis consistent with that applied in the current year.

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

2

Profit before interest and profit sharing

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.

	1992 £m	1991 £m
Profit before interest and profit sharing is after charging/(crediting):		
Non operating exceptional items:	(2.3)	2.3
- (use of provision) provision for loss on sale of depot catering business	2.3	-
- cost incurred on sale of depot catering business	12.4	13.8
Depreciation	1.9	2.8
Operating lease rentals - plant and machinery	1.2	2.3
- land and buildings	2.4	2.2
Research and development	<u>0.1</u>	<u>0.1</u>
Government grants released to profit		

The directors' emoluments for the year were £nil (1991 £nil)

Fees paid to auditors:
 - in their capacity as auditors - £156,000 (1991 - £156,000)
 - for other services - £8,000 (1991 - £4,000)

Full analysis of turnover down to profit before interest and profit sharing is set out below:

	1992		1991 (as restated)		
	Continuing operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Turnover	519.9	519.9	489.4	53.5	542.9
Trade discounts	<u>(98.9)</u>	<u>(98.9)</u>	<u>(92.7)</u>	<u>(11.1)</u>	<u>(103.8)</u>
Turnover after trade discounts	421.0	421.0	396.7	42.4	439.1
Cost of sales	<u>(327.5)</u>	<u>(327.5)</u>	<u>(308.9)</u>	<u>(28.4)</u>	<u>(337.3)</u>
Gross profit	93.5	93.5	87.8	14.0	101.8
Distribution, selling and marketing costs	<u>(52.8)</u>	<u>(52.8)</u>	<u>(50.9)</u>	<u>(11.2)</u>	<u>(62.1)</u>
Administrative expenses	<u>(12.3)</u>	<u>(12.3)</u>	<u>(11.4)</u>	<u>(9.9)</u>	<u>(21.3)</u>
Operating profit	28.4	28.4	25.5	1.9	27.4
Non-operating exceptional charges	-	-	-	(2.3)	(2.3)
Profit/(loss) before interest and profit sharing	<u>28.4</u>	<u>28.4</u>	<u>25.5</u>	<u>(0.4)</u>	<u>25.1</u>

Promotional discounts and advertising allowances of £14.3m reported in 1991 under trade discounts have been reclassified to distribution, selling and marketing costs.

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

3 Interest

	1992 £m	1991 £m
Interest payable to fellow subsidiary undertaking	6.0	7.0

4 Employee profit sharing

Employees with five years' service are eligible to participate in the Profit Sharing Scheme which is approved under the Finance Act 1978 (as amended). The board determines the amount of profits (if any) to be made available to the Trustees of the Scheme up to a maximum of 5 per cent of those profits.

5 Tax on profit on ordinary activities

	1992 £m	1991 £m
UK corporation tax at 33% (1991 - 33.25%)	0.8	0.8
Adjustment in respect of prior year	(2.3)	1.9
Deferred tax	(0.3)	2.3
	(1.8)	5.0

6

Tangible assets

	Land & Buildings Freehold	Leasehold & vehicles	Plant, machinery fittings	Fixtures & progress	Projects in	Total
	£m	£m	£m	£m	£m	£m
Cost or Valuation						
At 28th December 1991	21.7	20.0	121.1	8.5	0.4	171.7
Add: Government grants	-	-	0.6	-	-	0.6
Restated balance at 28th December 1991	21.7	20.0	121.7	8.5	0.4	172.3
Additions	1.7	2.0	12.7	0.9	-	17.3
Disposals	(1.8)	(0.3)	(20.6)	(1.5)	-	(24.2)
Reclassification	(0.3)	1.3	(0.5)	(0.1)	(0.4)	-
At 2nd January 1993	21.3	23.0	113.3	7.8	-	165.4
Depreciation						
At 28th December 1991	3.0	2.3	63.0	5.4	-	73.7
Add: Amortised Grants	-	-	0.4	-	-	0.4
Restated balance at 28th December 1991	3.0	2.3	63.4	5.4	-	74.1
Charge for year	1.0	1.5	9.0	0.9	-	12.4
Disposals	(0.3)	-	(15.2)	(1.4)	-	(16.9)
Reclassification	-	-	-	-	-	-
At 2nd January 1993	3.7	3.8	57.2	4.9	-	69.6
Net book value at 2nd January 1993	17.6	19.2	56.1	2.9	-	95.8
Net book value at 28th December 1991	18.7	17.7	58.3	3.1	0.4	98.2

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 £3.9m (1991 £3.4m) in respect of leases with under fifty years to run at 2nd January 1993.

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 2nd January 1993	5.3
Cost	5.2
Depreciation	0.1
Net book value	0.4
Net book value at 28th December 1991	

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

7 Investments

	1992 £m	1991 £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.

8 Stock

	1992 £m	1991 £m
Raw materials and consumables	18.0	21.7
Work in progress	13.0	14.1
Finished goods	22.3	26.5
	<u>53.3</u>	<u>62.3</u>

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

9 Debtors

	1992 £m	1991 £m
Trade debtors	44.2	52.5
Other debtors	1.2	0.4
Prepayments and accrued income	3.1	2.9
	<u>48.5</u>	<u>55.8</u>

Debtors include £1.1m (1991 £1.0m) which is not due within one year.

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

10 Trade and other creditors

	1992 £m	1991 £m
Trade creditors	16.7	25.3
Other creditors	3.1	1.8
Other taxes and social security costs	1.7	2.8
Accruals and deferred income	38.6	36.8
	<u>60.1</u>	<u>66.7</u>

11 Other creditors

	1992 £m	1991 £m
Deferred income - Government grants	0.5	0.1

12 Provisions for liabilities and charges

	Deferred tax £m	Deferred pensions £m	Rationalisation provisions £m	Total £m
At 28th December 1991	1.6	2.1	4.3	8.0
Profit and loss charge	(0.3)	1.3	-	1.0
Utilised during the year	-	-	(4.3)	(4.3)
	<u>1.3</u>	<u>3.4</u>	<u>-</u>	<u>4.7</u>

Deferred taxation

	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 28th December 1991	2.0	(0.4)	1.6
Profit and loss charge	-	(0.3)	(0.3)
	<u>2.0</u>	<u>(0.7)</u>	<u>1.3</u>

The potential liability for deferred tax, arising from accelerated capital allowances, which has not been provided for in the accounts is £14.2m (1991 - £13.2m).

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

13 Share capital

	1992	1991
Authorised shares of £1 each	£40,000	£40,000
Allotted, called up and fully paid shares of £1 each	£37,978	£37,978

14 Reconciliation of movements in shareholders' funds

	Called up share capital £m	Share premium £m	Capital reserve £m	Profit and loss account £m	1992 Total £m	1991 Total £m
Opening Shareholders' funds	0.1	37.8	34.2	46.9	119.0	106.8
Profit for the year	-	-	-	23.9	23.9	12.2
Closing shareholders' funds	0.1	37.8	34.2	70.8	142.9	119.0

15 Pay and benefits to employees

	1992 £m	1991 £m
Gross wages and salaries, holiday and sick pay	66.5	64.6
Social security costs	5.8	5.6
Pensions and other costs	2.1	1.4
	74.4	71.6

During the period the average number of employees was 6,085 (1991 - 6,825).

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 2nd January 1993 included in provisions for liabilities and charges is an amount of £3.4m (1991 - £2.1m) resulting from the differences between cost and the amounts funded.

UB (Ross Young's) Limited

Notes to the accounts at 2nd January 1993 continued

16 Financial commitments

The company's financial commitments in respect of capital expenditure and rentals are summarised below:

	1992 £m	1991 £m
Capital expenditure:		
Contracted for	0.8	1.7
Authorised but not contracted for	0.7	5.5

Rental commitments

As at 2nd January 1993 the company had annual rental commitments in respect of operating leases as follows:

		1992		1991	
		Land & buildings	Other	Land & buildings	Other
Expiring	- within one year	0.1	0.7	0.5	0.9
	- over one year and under five years	0.1	1.3	0.9	0.5
	- over five years	0.7	0.2	0.6	-
		<u>0.9</u>	<u>2.2</u>	<u>2.0</u>	<u>1.4</u>

In addition to the net rental commitments set out above, the company held the head lease to 3 properties which were sublet out to third parties. The company had no net rental commitments in respect of such properties, on which gross head lease rent of £147,000 arose during the year (1991 - £139,000)

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

	Ordinary Shares		Options			
	1992	1991	1992	Granted	Exercised/ Lapsed	1991
A.G.Clark	38,755	36,983	71,349	10,315	3,627	64,661
D.R.J. Stewart	14,640	14,530	70,016	12,625	48,159	105,550
J.A. Warren	8,887	1,877	167,144	39,952	12,812	140,004

The options are exercisable at prices varying from 190p to 400p up to March 2002.

18 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 13 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 2nd January 1993 and of the profit for the fifty-three weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

29th March 1993