

# DANKO (UK) LIMITED

Company No. 2215830

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1998



# Danko (UK) Limited

## Company Information

### Directors

O. Dunant  
C. Heggli  
I. Dalziel

### Secretary

Mr O. Dunant

### Registered Office

105 St Peter's Street  
St Albans  
Hertfordshire  
U.K.  
AL1 3EJ

### Auditors

Kingston Smith  
105 St Peter's Street  
St Albans  
Hertfordshire  
AL1 3EJ

# Danko (UK) Limited

## Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 1998.

### Principal activity and business review

The principal activities of the company throughout the year were those of property investment and farming.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

### Results and dividend

The results of the company for the year are set out on page 4.

### Directors and their interests

The directors who served the company throughout the year together with their interests (including family interests) in the shares of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31st December 1998	1st January 1998
Mr J.H.Metzger (resigned 26.7.99)	-	-
E. Vernet (resigned 26.7.99)	-	-
I. Dalziel	-	-

On 26 July 1999 C. Heggli and O. Dunant were appointed directors of the company. O. Dunant was also appointed company secretary with effect from this date.

### Cashflow Statement

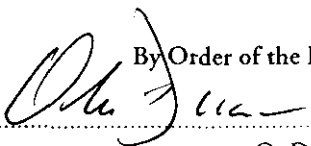
In the opinion of the directors the company qualifies as a small company and as such no cashflow statement has been prepared.

### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

### Small Company Rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

By Order of the Board  
  
O. Dunant  
Secretary

105 St Peter's Street  
St Albans  
Hertfordshire  
U.K.

AL1 3EJ

Date: 21/1/2000

# Danko (UK) Limited

## Directors' Responsibilities and Report of the Auditors

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

### Auditors' Report to the Members of Danko (UK) Limited

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

#### Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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, except that the scope of our work was limited as explained below.

*An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.*

We planned 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

We have not been authorised to examine the company's accounting records, with the exception of the computerised nominal ledger, which are held outside the United Kingdom. We have however, within this limitation, evaluated the overall adequacy of the presentation of information in the financial statements.

**Danko (UK) Limited**  
**Auditors Report to the Members of Danko (UK) Limited**

Opinion: disclaimer on view given by financial statements

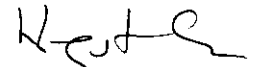
Because of the potential significance of the limitation in evidence available to us, we are unable to form an opinion as to:

- (i) whether the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its loss for the year then ended, and
- (ii) whether the comparative figures for the year ended 31 December 1997 gave a true and fair view of the state of the company's affairs at 31 December 1997 and of its loss for the year then ended.

In all other respects, in our opinion the financial statements have been prepared in accordance with the Companies Act 1985.

In respect of the limitation on our work referred to above:

- we have not obtained all the information and explanations that we consider necessary for the purposes of our audit;
- we were unable to determine whether proper accounting records had been maintained; and
- we are unable to determine whether the financial statements are in agreement with the accounting records.



Kingston Smith  
Chartered Accountants  
and Registered Auditors

105 St Peter's Street  
St Albans  
Hertfordshire  
AL1 3EJ

Date ..... 25/1/00 .....

**Danko (UK) Limited**  
**Profit and Loss Account**  
**For the year ended 31st December 1998**

	Note	1998 FF	1997 FF
Turnover	2	1,084,951	810,251
Cost of sales		(2,209,891)	(1,324,146)
Gross (loss)		(1,124,940)	(513,895)
Administrative expenses		(965,689)	(689,240)
Other operating income		201,178	339,973
Operating (loss)	3	(1,889,451)	(863,162)
Interest receivable and similar income	4	4,765	-
Interest payable and similar charges		(172)	(3,734)
Taxation		-	-
Retained (loss) transferred from reserves	11	<u>(1,884,858)</u>	<u>(866,896)</u>

All amounts relate to continuing activities. There have been no discontinued activities or acquisitions in the current or preceding period.

There are no recognised gains or losses in the year other than the loss for the year.

# Danko (UK) Limited

## Balance Sheet at 31st December 1998

		1998 FF	1997 FF
<b>Fixed Assets</b>			
Tangible assets	6	36,953,457	35,523,449
<b>Current Assets</b>			
Stock	7	4,069,850	4,548,236
Debtors	8	811,788	715,936
Cash at bank and in hand		259,083	361,080
		<u>5,140,721</u>	<u>5,625,252</u>
Creditors: Amounts falling due within one year	9	<u>(1,470,050)</u>	<u>(1,888,743)</u>
<b>Net Current Assets</b>		<u>3,670,671</u>	<u>3,736,509</u>
<b>Total Assets Less Current Liabilities</b>		<u>40,624,128</u>	<u>39,259,958</u>
Creditors: Amounts falling due after more than one year	10	(48,765,707)	(45,516,678)
<b>Net Assets</b>		<u><u>(8,141,579)</u></u>	<u><u>(6,256,720)</u></u>
<b>Capital and Reserves</b>			
Called up share capital - equity interests	11	86,950	86,950
Profit and loss account	11	(8,228,529)	(6,343,670)
<b>Shareholders' Funds</b>	11	<u><u>(8,141,579)</u></u>	<u><u>(6,256,720)</u></u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

Approved by the board on 21/1/2000

Mr O. Dunant..... Director

**Danko (UK) Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1998**

**1 Principal Accounting Policies**

**Accounting basis and standards**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

**Investment properties**

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of freehold or leasehold investment properties. This may be a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as properties are included in the financial statements at their open market value.

The effect of depreciation and amortisation on values is already reflected annually in the valuation of properties, and the amount attributed to this factor by valuers cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed, net assets would not have been affected but revenue profits would have been reduced for this and earlier years.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

**Deferred taxation**

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

**Foreign Exchange**

The financial statements are stated in French Francs.

Transactions denominated in foreign currencies are translated into French Francs and recorded at a rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into French Francs at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

**Development Grant**

Development grants in respect of capital expenditure are credited to a deferred income account and are then released to profit over the expected useful lives of the assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

**Danko (UK) Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1998**

**2 Turnover**

The company's total turnover represents the value of goods and services supplied to customers during the year. The analysis of turnover by geographical area is as follows:

	1998 FF	1997 FF
Europe	<u>1,084,951</u>	<u>810,251</u>

**3 Operating Loss**

1998 FF	1997 FF
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The operating (loss) is stated after charging/(crediting):

Auditors' remuneration	18,600	49,492
Development grant received	(201,178)	(339,973)
Directors remuneration	16,000	15,551
Hire of materials	<u>2,594</u>	<u>4,072</u>

**4 Interest Receivable and Similar Income**

1998 FF	1997 FF
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Foreign exchange gain	<u>4,765</u>	-
	<u>4,765</u>	-

**5 Directors and Employees**

1998 FF	1997 FF
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Staff costs during the year were as follows:

Wages and salaries	<u>1,037,529</u>	<u>1,050,635</u>
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Directors' Emoluments:

Emoluments	<u>16,000</u>	<u>15,551</u>
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**6 Tangible Assets**

	Freehold Land and Buildings FF	Fixtures and Fittings FF	Total FF
Cost or valuation			
At 1st January 1998	29,880,114	5,643,335	35,523,449
Additions	1,364,724	108,916	1,473,640
Disposals	-	(43,632)	(43,632)
At 31st December 1998	<u>31,244,838</u>	<u>5,708,619</u>	<u>36,953,457</u>

The directors are of the opinion that the open market value of the investment properties does not materially differ from the cost at the balance sheet date.

**Danko (UK) Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1998**

7	<b>Stocks</b>	<b>1998</b>	<b>1997</b>
		<b>FF</b>	<b>FF</b>
	Raw materials and livestock	<u>4,069,850</u>	<u>4,548,236</u>
8	<b>Debtors</b>	<b>1998</b>	<b>1997</b>
		<b>FF</b>	<b>FF</b>
	Trade debtors	642,799	453,273
	Other debtors	59,970	99,803
	Prepayments and accrued income	109,019	162,860
		<u>811,788</u>	<u>715,936</u>
9	<b>Creditors: Amounts Falling Due Within One Year</b>	<b>1998</b>	<b>1997</b>
		<b>FF</b>	<b>FF</b>
	Trade creditors	244,681	665,797
	Other creditors	912,486	833,331
	Accruals and deferred income	312,883	389,615
		<u>1,470,050</u>	<u>1,888,743</u>

**Going Concern**

The shareholders have confirmed, in writing, their continued financial support to the company for the foreseeable future and the directors have every reason to believe that this will be forthcoming.

On the basis of this assurance the directors believe it is appropriate to prepare the financial statements on a going concern basis.

10	<b>Creditors: Amounts Falling Due After More Than One Year</b>	<b>1998</b>	<b>1997</b>
		<b>FF</b>	<b>FF</b>
	Amounts owed to group undertakings	<u>48,765,707</u>	<u>45,516,678</u>

There is no fixed date for repayment of the above other than not falling due within one year.

**Danko (UK) Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1998**

**11 Shareholders' Funds**

1998

	Profit and Loss Account FF	Share Capital FF	Total FF
At 1st January 1998	(6,343,671)	86,950	(6,256,721)
Loss for the year	(1,884,858)	-	(1,884,858)
At 31st December 1998	<u>(8,228,529)</u>	<u>86,950</u>	<u>(8,141,579)</u>

The share capital comprises:

Authorised:

	1998	1997
10,000 Ordinary shares of £1 each in £	<u>10,000</u>	<u>10,000</u>

Called up, allotted and fully paid:

	1998	1997
10,000 Ordinary shares of £1 each in FF	<u>86,950</u>	<u>86,950</u>

The movements in shareholders' funds in the previous year are set out below:

1997

	Profit and Loss Account FF	Share Capital FF	Total FF
At 1st January 1997	(5,476,774)	86,950	(5,389,824)
Loss for the Year	(866,896)	-	(866,896)
At 31st December 1997	<u>(6,343,670)</u>	<u>86,950</u>	<u>(6,256,720)</u>

**12 Controlling Party and Related Party Transactions**

In the opinion of the directors the controlling party is Primwest Holding NV, a company incorporated in the Netherlands Antilles, by virtue of its shareholding in the company.

As at 31st December 1998 an amount of FF 487,765,707 (1997: FF 45,516,679) was owed to Primwest Holding NV, included in creditors falling due after more than one year.