

Registered No. 2506007

UNITED BISCUITS (UK) LIMITED

(Formerly David Limited)

REPORT AND ACCOUNTS

FOR

THE 52 WEEKS ENDED

1st JANUARY 1994



A6S551Y3

A25 RECEIPT DATE: 09/06/94

United Biscuits (UK) Limited

Directors' Report

Directors

G.H. Hughes - resigned 19.1.93

J.M. McIlroy - resigned 19.1.93

A.G. Clark - appointed 19.1.93

A.D. Frew - appointed 1.1.94

E.L. Nicoli - appointed 1.1.94

D.R.J. Stewart - appointed 19.1.93 and resigned 1.1.94

J.A. Warren - appointed 8.2.93

The directors present their report and the accounts for the fifty-two weeks ended 1st January 1994.

Principal activities and review of the business

On 19th January 1993, the entire issued share capital of the Company was purchased by UB Group Limited. Prior to this date the Company did not trade. On the same date, as part of a reorganisation of the United Biscuits business, the trade and undertaking (excluding cash) of the Terry's division of United Biscuits group were transferred to the Company for a consideration equal to the net book value of the business.

On 26th April 1993, the Terry's division was sold to Kraft General Foods International and the Company ceased to trade. The results of Terry's group have been disclosed in the profit and loss account as discontinued operations in accordance with FRS3.

On 6th November 1993, the entire assets, undertaking and business of UB Group Limited (formerly United Biscuits (UK) Limited - company number: 64218, another wholly owned subsidiary of the United Biscuits group), with the exception of certain overseas trademarks and investments in subsidiaries, were transferred, as part of a United Biscuits group reorganisation, to the Company. On the same date, the Company changed its name by special resolution from David Limited to United Biscuits (UK) Limited.

Details of turnover and trading profit on a segmental basis are set out in note 3 of the accounts.

McVitie's - As stated above, the McVitie's business was transferred to the Company on 6th November 1993 from another subsidiary in the United Biscuits group. Turnover in the UK, for the period 6th November 1993 to 1st January 1994 was £97.2 million, and operating profit was £19.6 million. Turnover in the UK for McVitie's for the 52 weeks ended 1st January 1994 amounted to £614.2 million and operating profit amounted to £76.4 million.

KP Foods - As stated above, the KP business was transferred to the Company on 6th November, 1993 from another subsidiary of the United Biscuits group. Turnover in the UK, for the period 6th November, 1993 to 1st January 1994 was £66.3 million and operating profit was £5.5 million. Turnover in the UK for KP for the 52 weeks ended 1st January 1994 was £385 million and operating profit was £26.4 million.

Full details of the performance of McVitie's and KP Foods are set out in the accounts of United Biscuits (Holdings) Plc, the ultimate shown parent company, copies of which may be obtained from the address shown in note 22.

United Biscuits (UK) Limited

Directors' Report continued

Profit and appropriations

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

Share Capital

On 2nd November 1993 the authorised share capital of the Company was increased from £1,000 to £10 million by the creation of 9,999,000 ordinary shares of £1 each. On 6th November 1993, in consideration for the transfer to the Company of the entire assets, undertakings and business of UB Group Limited, the Company allotted 9,999,000 fully paid ordinary shares to UB Group Limited.

Charitable donations

During the year the total of charitable donations made by the Company in the UK amounted to £239,000.

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.

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

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United Biscuits (UK) Limited

Directors' Report continued

Employment policies (continued)

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 directors who served during the year are stated above. Mr G.H. Hughes and Mr J.M. McIlroy resigned from the board on 19th January 1993, the date on which the Company was acquired by the United Biscuits Group. On the same date, Mr A.G. Clark and Mr D.R.J. Stewart were appointed to the board. Mr J.A. Warren was appointed to the board on 8th February 1993. Mr E.L. Nicoli and Mr A.D. Frew were appointed to the board on 1st January 1994 and Mr D.R.J. Stewart resigned from the board with effect from the same date. In accordance with the articles of association the present directors 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 19 to the accounts.

The Company insures the liabilities 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



A.D. Frew
Secretary

25th March 1994

Statement of directors' responsibilities in relation to the accounts

The following statement which should be read in conjunction with the Report of the auditors set out on page 5, describes the responsibilities of the directors in relation to these accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit and loss for the year.

The directors are of the opinion that, in preparing these accounts, the Company has used appropriate and consistently applied accounting policies, supported by reasonable and prudent estimates and judgements. All applicable accounting standards have been followed and the accounts have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to ensure the prevention of fraud and other irregularities.

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United Biscuits (UK) Limited

Report of the auditors to the members of United Biscuits (UK) Limited

We have audited the accounts on pages 6 to 20 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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 1st January 1994, and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

25th March 1994

United Biscuits (UK) Limited**Profit & loss account****for the 52 weeks ended 1st January 1994**

Notes	1993 £m
3 Turnover	
Continuing operations	163.5
Discontinued operations	32.9
Total turnover	196.4
Trade discounts	32.4
Turnover after trade discounts	164.0
Cost of sales	102.0
Gross profit	62.0
Distribution, selling and marketing costs	27.6
Administrative expenses	13.3
3 Operational reorganisation costs	18.2
Other income	(0.7)
3 Operating profit/(loss)	
Continuing operations	4.5
Discontinued operations	(0.9)
Total operating profit	3.6
Profit on disposal of discontinued operations	73.3
Profit on disposal of fixed assets	8.5
3 Profit before interest and profit sharing	85.4
4 Interest	2.6
5 Employee profit sharing	-
Profit on ordinary activities before tax	82.8
6 Tax on profit on ordinary activities	23.0
16 Profit attributable to shareholders	59.8
Dividends	-
Balance to reserves	59.8

There were no recognised gains or losses other than the profit for the year disclosed above.

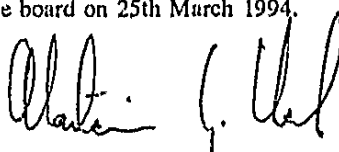
United Biscuits (UK) Limited

Balance Sheet

1st January 1994

Notes		1993 £m
	Fixed assets	
7	Tangible assets	316.5
8	Investments	3.0
		319.5
	Current assets	
9	Stocks	52.0
10	Debtors	147.7
	Amount owed by parent company and fellow subsidiaries	192.9
	Short-term deposits and loans	40.6
	Cash at bank and in hand	36.2
		469.4
	Creditors: amounts falling due within one year	
11	Trade and other creditors	100.6
12	Loans, overdrafts and finance lease obligations	5.0
	Amount owed to parent company and fellow subsidiaries	204.0
	Taxation	30.9
		340.5
	Net current assets	128.9
	Total assets less current liabilities	448.4
	Creditors: amounts falling due after more than one year	
12	Loans and finance lease obligations	23.1
13	Other creditors	5.0
14	Provisions for liabilities and charges	28.9
		391.4
	Capital and reserves	
15	Called up equity share capital	10.0
	Share premium account	321.6
	Profit and loss account	59.8
16	Shareholders' funds	391.4

Signed on behalf of the board on 25th March 1994.



A.G. Clark

1. Accounting policies

Basis of accounting

The accounts are prepared on the historical cost basis of accounting, 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 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 %

Exceptional items

Items which are of an exceptional nature by virtue of their size or incidence are included within operating profit unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the group, or profits or losses on the disposal of fixed assets. In these cases, separate disclosure is provided in the profit and loss account after operating profit.

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.

Notes to the accounts at 1st January 1994 continued

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.

2. Comparative figures

Comparative figures for 1992 have not been disclosed as the Company did not trade in the prior period and its net assets were insignificant for the comparative period.

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United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

3 Profit before interest and profit sharing

The Company's turnover, operating profit, assets and employee numbers are analysed below:-

	Turnover 1993 £m	Operating Profit before exceptional items 1993 £m	Total Assets less Current Liabilities 1993 £m	Average number of employees 1993 No.
McVitie's Group	97.2	19.6	256.9	1,102
KP Foods	66.3	5.5	116.0	778
Terry's Group (discontinued)	32.9	(0.9)	-	513
Group overheads and Central Services		(2.4)	-	66
Operational re-organisation		(18.2)	-	-
Non-operating and unallocated assets and liabilities				
			75.5	
	196.4	3.6	448.4	2,459

Turnover derives from the UK with the exception of exports which amounted to £7.4m in 1993 from continuing activities.

Profit before interest and profit sharing is after charging/(crediting):	1993 £m
Operating exceptional items:	
- UK reorganisation	18.2
Non-operating exceptional items:	
- Profit on disposal of former head office	(8.5)
- Profit on sale of Terry's UK business	(73.3)
Total exceptional items	(63.6)
Depreciation	5.4
Operating lease rentals - plant and machinery	1.9
- land and buildings	1.0
Research and development	1.5
Directors' emoluments (see note 18)	0.1
Fees paid to auditors:	
- in their capacity as auditors	0.1

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

3 Profit before interest and profit sharing continued

Full analysis of turnover down to profit before interest and profit sharing for 1993 is set out below:

	Continuing operations £m	Discontinued operations £m	Total £m
Turnover	163.5	32.9	196.4
Trade discounts	<u>28.7</u>	<u>3.7</u>	<u>32.4</u>
Turnover after trade discounts	134.8	29.2	164.0
Cost of sales	<u>81.6</u>	<u>20.4</u>	<u>102.0</u>
Gross profit	53.2	8.8	62.0
Distribution, selling & marketing costs	19.2	8.4	27.6
Administrative expenses	12.0	1.3	13.3
Other income	<u>(0.7)</u>	<u>-</u>	<u>(0.7)</u>
Total operating profit before exceptional items	22.7	(0.9)	21.8
Operating exceptional charges (see above)	<u>18.2</u>	<u>-</u>	<u>18.2</u>
Total operating profit	4.5	(0.9)	3.6
Non-operating exceptional credits (see above)	<u>8.5</u>	<u>73.3</u>	<u>81.8</u>
Profit before interest and profit sharing	<u>13.0</u>	<u>72.4</u>	<u>85.4</u>

4 Interest

	1993 £m
Interest payable	
Bank loans and overdrafts	0.3
Fellow subsidiary undertakings	2.6
Other	-
	<u>2.9</u>
Interest receivable	
Bank deposits	0.1
Other	0.2
	<u>0.3</u>
Net interest expense	<u>2.6</u>

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

5 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 five per cent of those profits. No payments will be made under the Scheme in respect of 1993.

6 Tax on profit on ordinary activities

	1993 £m
On the profit for the year	
UK corporation tax at 33 %	30.9
Deferred tax	(7.9)
	<hr/>
	23.0
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The tax charge on non-operating exceptional credits of £81.1m was £22.9m.

The tax credit on the operating exceptional charge of £18.2m was £6.0m.

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

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Tangible Assets

	Land & buildings Freehold	Land & buildings Leasehold	Plant, machinery & vehicles	Fixtures & fittings	Projects in progress	Total
	£m	£m	£m	£m	£m	£m
<u>Cost</u>						
At 1st January 1993	-	-	-	-	-	-
Additions	1.8	-	5.3	1.5	5.8	14.4
Disposals	(0.3)	-	(2.6)	(0.7)	-	(3.6)
Disposal of subsidiaries	(22.7)	(1.2)	(40.0)	(2.0)	(2.9)	(68.8)
Transfers from group companies	118.6	13.0	324.6	33.2	63.6	553.0
Reclassification	<u>1.5</u>	<u>1.4</u>	<u>12.2</u>	<u>0.3</u>	<u>(15.4)</u>	<u>-</u>
At 1st January 1994	<u>98.9</u>	<u>13.2</u>	<u>299.5</u>	<u>32.3</u>	<u>51.1</u>	<u>495.0</u>
<u>Depreciation</u>						
At 1st January 1993	-	-	-	-	-	-
Charge for year	0.2	0.1	4.6	0.5	-	5.4
Disposals	(0.1)	-	(2.2)	(0.7)	-	(3.0)
Disposal of subsidiaries	(4.6)	(0.1)	(20.6)	(1.3)	(0.3)	(26.9)
Transfers from group companies	20.4	2.1	161.6	18.0	0.9	203.0
Reclassification	<u>-</u>	<u>-</u>	<u>0.6</u>	<u>-</u>	<u>(0.6)</u>	<u>-</u>
At 1st January 1994	<u>15.9</u>	<u>2.1</u>	<u>144.0</u>	<u>16.5</u>	<u>-</u>	<u>178.5</u>
Net book value at 1st January 1994	<u>83.0</u>	<u>11.1</u>	<u>155.5</u>	<u>15.8</u>	<u>51.1</u>	<u>316.5</u>

The net book value of leasehold properties includes £8.2m in respect of leases with under 50 years to run of 1st January 1994.

Analysis of leased tangible assets.

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

	£m
At 1st January 1994	
Cost	0.3
Depreciation	<u>0.1</u>
Net book value	<u>0.2</u>

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

8 Investments

	1993 £m
Investments in subsidiary undertakings	<u>3.0</u>

At the 1st January 1994 the Company wholly owned the following subsidiary undertakings: UB York Limited (formerly Joseph Terry & Sons) and UB Bridgend One Limited (formerly Callard & Bowser Group Limited) which were both dormant. 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 Stocks

	1993 £m
Raw materials and consumables	31.8
Work in progress	0.4
Finished goods	<u>19.8</u>
	<u>52.0</u>

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

10 Debtors

	1993 £m
Trade debtors	120.0
Other debtors	0.2
Prepayments and accrued income	<u>27.5</u>
	<u>147.7</u>

Debtors include £14.7m which is due after more than one year.

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United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

11 Trade and other creditors

	1993 £m
Trade creditors	30.3
Other creditors	4.6
Other taxes and social security costs	10.4
Government grants	0.5
Accruals and deferred income	<u>54.8</u>
	<u>100.6</u>

12 Loans, overdrafts and finance lease obligations

	1993 £m
Other loans	23.0
Overdrafts	4.9
Finance lease obligations	0.2
	<u>28.1</u>
Repayable as follows:	
Over five years	16.7
Over 2 and under 5 years	5.0
Over 1 and under 2 years	1.4
Under one year	<u>5.0</u>
	<u>28.1</u>

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

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

13 Other creditors falling due after more than one year

	1993 £m
Deferred income - Government grants	3.3
Other creditors	<u>1.7</u>
	<u>5.0</u>

14 Provisions for liabilities and charges

	Deferred tax £m	Rationalisation & disposal provisions £m	Total £m
At 1st January 1993	-	-	-
Transferred from group company	5.2	0.9	6.1
Profit and loss charge/(credit)	(7.9)	33.3	25.4
Payments in the year	-	(2.6)	(2.6)
	<u> </u>	<u> </u>	<u> </u>
At 1st January 1994	<u>(2.7)</u>	<u>31.6</u>	<u>28.9</u>

Deferred tax

The deferred tax asset consists of the following:

	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 1st January 1993	-	-	-
Transferred from group company	1.3	3.9	5.2
Profit and loss credit	-	(7.9)	(7.9)
	<u> </u>	<u> </u>	<u> </u>
At 1st January 1994	<u>1.3</u>	<u>(4.0)</u>	<u>(2.7)</u>

None of the tax liability is payable within one year after the balance sheet date. The potential liability for deferred tax, which has not been provided for, is as follows:

	1993 £m
Accelerated capital allowances	66.6
Other timing differences	<u>(1.9)</u>
	<u>64.7</u>

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United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

15 Equity share capital

	1993 £m
Authorised - 10 million ordinary shares of £1 each	10.0
Allotted, called up and fully paid shares of £1 each	10.0

16 Reconciliation of movements in shareholders' funds

	Called up equity share capital £m	Share premium £m	Profit and loss account £m	Total £m
Opening shareholders' funds at 1st January 1993	-	-	-	-
Movements during the year:				
Share capital issued	10.0	-	-	10.0
Share premium arising	-	321.6	-	321.6
Profit attributable to shareholders	-	-	59.8	59.8
Closing shareholders' funds at 1st January 1994	10.0	321.6	59.8	391.4

The opening shareholders funds consisted of called up share capital of £2 and a receivable of £2.

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United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

17 Contingent liabilities

	1993 £m
Joint and several guarantees in respect of borrowings by other group companies:	
US\$ 330m revolving credit facility	20.9
Other	4.7
	<u>25.6</u>

18 Directors' emoluments

	1993 £000's
Emoluments as executives:	
- Salaries	62
- Benefits in kind	5
- Pension contributions	<u>14</u>
	<u>81</u>

Emoluments, excluding pension fund contributions, of the directors were within the following bands:

£	1993 No.
Nil	4
15,001 - 20,000	1
20,001 - 25,000	1
25,001 - 30,000	1

Directors included above, serving for part of the year only 7

Mr E.L. Nicoli and Mr A.D. Frew did not receive any emoluments in respect of their services as directors of the Company since both were appointed directors on 1st January 1994. Details of the emoluments for the year of Mr E.L. Nicoli in respect of his services as a director of United Biscuits (Holdings) plc, the ultimate holding company, are disclosed in the accounts of that company. Copies may be obtained from the address shown in note 22.

The emoluments, excluding pension contributions, of the highest paid director, were £25,393.

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

	Ordinary Shares		Options			
	1993 No.	1992* No.	1993 No.	Granted No.	Exercised No.	1992* No.
A.G. Clark	36,708	38,755	74,911	3,562	-	71,349
A.D. Frew	-	-	94,262	-	-	94,262
E.L. Nicoli	19,972	19,596	354,526	-	-	354,526
D.R.J. Stewart	14,913	14,640	70,016	-	-	70,016
J.A. Warren	9,818	8,887	189,697	23,136	(583)	167,144

* or date of appointment, if later

Since the year end, the beneficial shareholdings of E.L. Nicoli, D.R.J. Stewart and J.A. Warren have increased by 13, 107 and 151 shares respectively.

The options are exercisable at prices varying from 190p to 400p up to April 2003. The options exercised by Mr J A Warren gave rise to gains, by reference to the share price at the date of exercise of £670.

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

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Pay and benefits to employees

	1993 £m
Gross wages and salaries, holiday and sick pay	35.5
Social security costs	3.0
Pension and other costs	1.4
	<hr/>
	39.9
	<hr/>

During the year the average number of employees was 2,459.

Certain employees in the frozen and chilled businesses have service contracts with United Biscuits (UK) Limited, these costs have been recharged to UB (Ross Young's) Limited and the appropriate accounting disclosures have been made in those accounts.

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 the scheme was carried out by an independent qualified actuary 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 these schemes' assets, at the date of the last valuation, together with their funding level as a percentage of accrued benefit liabilities, was £384m (112%). The schemes cover certain employees of UB(Ross Young's) Limited but it is not practicable to separate the market value of the assets.

At 1st January 1994 pre-payments included an amount of £16.8m resulting from the differences between pension cost and the amounts funded.

United Biscuits (UK) Limited

Notes to the accounts at 1st January 1994 continued

21 Financial commitments

The company's financial commitments at the year-end in respect of finance lease obligations and in respect of its pension arrangements are set out in notes 12 and 20 respectively. The company's financial commitments in respect of capital expenditure and rentals are summarised below:

	1993 £m
Capital expenditure:	
- contracted for net of government grants	13.7
- authorised but not contracted for	<u>7.6</u>
	<u>21.3</u>

Rental commitments

As at 1st January 1994 the company had annual rental commitments in respect of operating leases as follows:

	Land & buildings £m	Plant & machinery £m
Expiring - within one year	0.2	1.7
over one year and under five years	0.4	3.5
over five years	<u>5.5</u>	<u>1.2</u>
	<u>6.1</u>	<u>6.4</u>

22 Ultimate parent company

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