

**Terranova Investments Limited**

**(Formerly Carleton Contracts Limited)**

**Directors' report and financial statements**

**31 December 1998**

**Registered Number 2708407**



***Directors' report and financial statements***

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## **Directors' Report**

The directors present their annual report and financial statements for the year ended 31 December 1998.

### **Change of Name**

On 23 July 1998 the company changed its name from Carleton Contracts Limited to Terranova Investments Limited.

### **Principal activity and business review**

The principal activity of the company is a holding company.

### **Results and dividends**

The profit for the year after tax is £2,952,000 (1997: £Nil). The directors do not recommend the payment of a dividend (1997: £Nil).

### **Change of ownership**

On 5 October 1998 Hillsdown Holdings plc demerged its chilled foods division, including Terranova Investments Limited, to Terranova Foods plc, a separate stand alone company listed on the London Stock Exchange. Accordingly the ultimate parent undertaking of Terranova Investments Limited changed from Hillsdown Holdings plc to Terranova Foods plc.

Following 18 May 1999, when Unigate PLC announced that its Offer for Terranova Foods plc was wholly unconditional, the ultimate parent undertaking of the Company changed to Unigate PLC.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

K M Buchanan	(resigned 21 August 1998)
M Chambers	(resigned 21 August 1998)
M G Mariscotti	(appointed 21 August 1998)
S J Newton	(appointed 21 August 1998)

None of the directors who held office at the end of the financial year had any interest in the shares of the company.

The interests of the directors who held office at the end of the year, in the 25p ordinary shares of Terranova Foods plc, the ultimate parent undertaking, are shown below. Mr Mariscotti is a director of Terranova Foods plc and accordingly his interests are shown in the financial statements of that company.

Ordinary Shares		Executive Options over Ordinary Shares	
31 Dec 1998	31 Dec 1997	31 Dec 1998	31 Dec 1997 or date of appointment
S Newton	-	29,167	29,167

On 10 March 1999 17,241 Executive Options over Ordinary shares were granted to Mr Newton.


#### **Year 2000**

The Company is operated from the same premises as that of Terranova Foods plc and depends on the same systems and suppliers as that company. All hardware and software used on that site has either been tested for Year 2000 compliancy or confirmed by specialists as Year 2000 compliant as part of Terranova Foods plc's Year 2000 compliancy testing. Any incompatibilities have been or will shortly be corrected.

#### **Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



G J C Thompson  
Company Secretary

County House  
Aylesbury End  
Beaconsfield  
Buckinghamshire  
HP9 1LW

28 May 1999

**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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## ***Auditor's Report***

### **Report of the auditor KPMG Audit Plc to the members of Terranova Investments Limited (formerly Carleton Contracts Limited)**

We have audited the financial statements on pages 5 to 9.

#### ***Respective responsibilities of directors and auditors***

As described on page 3 the company's directors are responsible for the preparation of 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. 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 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 financial statements 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 financial statements.

#### ***Opinion***

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

*1 June 1999*

**Profit and Loss Account**  
for the year ended 31 December 1998

	<i>Notes</i>	<b>1998</b> <b>£000</b>	1997 £000
Exceptional item	2	<b>3,051</b>	-
<b>Operating profit</b>		<b>3,051</b>	-
Interest payable	4	<b>(99)</b>	-
<b>Profit on ordinary activities before taxation</b>	2	<b>2,952</b>	-
Taxation on profits on ordinary activities		-	-
<b>Profit on ordinary activities after taxation</b>		<b>2,952</b>	-
Dividends		-	-
<b>Retained profit for the year</b>		<b>2,952</b>	-
<b>Retained profit brought forward</b>		-	-
<b>Retained profit carried forward</b>		<b>2,952</b>	-

All recognised gains and losses for the current and preceding year are included in the above profit and loss account.

There is no material difference between profit on ordinary activities shown above and that calculated on an unmodified historical cost basis.

**Balance Sheet**

*as at 31 December 1998*

	<i>Notes</i>	1998 £000	1997 £000
<b>Fixed assets</b>			
Investments	6	168,109	-
<b>Creditors: amounts falling due within one year</b>	7	(2,001)	-
<b>Total assets less current liabilities</b>		<u>166,108</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	8	163,277	-
Profit and loss account		2,831	-
<b>Equity shareholders' funds</b>		<u>166,108</u>	<u>-</u>

The financial statements were approved by the board of directors on 28 May 1999 and were signed on its behalf by:



M G Mariscotti  
Director



## **Notes**

*(forming part of the financial statements)*

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of Terranova Foods plc, and its cashflows are included within the consolidated cashflow statement of that company.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

### **2. Results of ordinary activities before taxation**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
<i>The profit before tax is stated after crediting</i>		
Exceptional item – waiver of intercompany loans	<b>3,051</b>	-
	<b>3,051</b>	-

### **3. Remuneration of directors**

No remuneration was taken by the directors.

### **4. Interest payable and similar charges**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	<b>(99)</b>	-

**Notes (continued)**

<b>5. Taxation</b>	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax at 31% (1997: 31%)		
Adjustments relating to prior year	-	-
	<hr/>	<hr/>
<b>6. Investments</b>		
Terranova Fresh Food BV	<b>168,109</b>	-
	<hr/>	<hr/>
<b>7. Creditors: amounts falling due within one year</b>		
Amounts owed to group undertakings	<b>2,001</b>	-
	<hr/>	<hr/>
	<b>2,001</b>	-
	<hr/>	<hr/>
<b>8. Called up equity share capital</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<i>Authorised</i>		
Equity ordinary shares of £1 each	<b>165,000,000</b>	1,000
<i>Allotted, called up and fully paid</i>		
Equity ordinary shares of £1 each	<b>163,276,579</b>	2
<b>9. Reconciliation of shareholders' funds</b>	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial period	<b>2,952</b>	-
Exchange adjustments	<b>(121)</b>	-
Issue of share capital	<b>163,277</b>	-
	<hr/>	<hr/>
Net increase in shareholders' funds	<b>166,108</b>	-
Opening shareholders' funds	-	-
	<hr/>	<hr/>
At end of year	<b>166,108</b>	-
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**Notes (continued)**

**10. Related party transactions**

There were no material transactions with related parties, as defined by FRS8, which have not been disclosed elsewhere in the accounts.

**11. Ultimate Parent company**

The Company's immediate parent undertaking and controlling party is Terranova Foods Holdings Limited, a company incorporated in the United Kingdom. Until 18 May 1999 the Company's ultimate parent company was Terranova Foods plc and the results of Terranova Investments Limited are consolidated by this company.

From 18 May 1999 the Company's ultimate parent and controlling undertaking is Unigate PLC, which is incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts of Unigate PLC and Terranova Foods plc may be obtained from:

The Secretary  
Unigate PLC  
Unigate House  
Wood Lane  
London  
W12 7RP