

**CAPESPAN INTERNATIONAL HOLDINGS
LIMITED**

Report and Financial Statements

28 September 1997

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



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COMPANIES HOUSE 05/03/98

COMPANIES HOUSE 24/02/98

**REPORT AND FINANCIAL STATEMENTS 1997**

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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D W Gant	(South African - retired 7 May 1997)
L B Kriel	(South African)
J S Stanbury	(South African)
T M Thalwitzer	(South African)
P F De Villiers Cluver	(Chairman - South African - appointed 7 May 1997)
P A Karsten	(South African - appointed 7 May 1997)
D J Visser	(South African - appointed 5 May 1997)

SECRETARY

J S Clarke

REGISTERED OFFICE

Capespan International Holdings Limited
Farnham House
Farnham Lane
Farnham
South Bucks SL2 3RQ

BANKERS

National Westminster Bank Plc
Slough Business Centre
118 High Street
Slough
Berks SL1 1JG

SOLICITORS

Allen & Overy
1 New Change
London EC4M 9QQ

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the fifty-two week period ended 28 September 1997.

PRINCIPAL ACTIVITIES

The principal activity of the Company is acting as a holding company. The principal activity of its subsidiaries is the provision of marketing, selling and distribution services in relation to the fruit trade and allied products, acting as agent on behalf of its ultimate parent undertakings (see note 26) and other Principals.

REVIEW OF BUSINESS

The quantity and gross sales value of produce handled by the Group during the period were as follows:

	1997	1997	1996	1996
	£'000	Cartons '000	£'000	Cartons '000
Stonefruit (Apricots, Peaches, Plums)	30,623	6,206	30,675	5,199
Grapes	124,215	18,238	128,188	18,044
Pomefruit (Pears, Apples)	137,557	18,841	184,831	19,822
Exotics (Avocados, Mangoes, Lychees etc)	9,081	2,861	7,840	2,216
Oranges	109,152	18,104	112,557	17,382
Soft Citrus	23,462	2,876	21,433	2,661
Grapefruit	25,637	5,424	35,554	5,836
Other Citrus	6,947	1,114	15,257	2,064
Total fruit	466,674	73,664	536,335	73,224
Processed goods (Wine, Juice)	14,038	2,536	10,823	1,970
	480,712	76,200	547,158	75,194
Commission on marketing	13,961		13,275	
Commission on logistics	1,540		452	
Total turnover	496,213		560,885	

FUTURE DEVELOPMENTS

The Group will continue to maximise grower returns through its dual strategy of taking non value-added costs out of the supply chain and enhancing the arrival condition of the fruit. To this end the Least Cost Distribution (LCD) initiatives will continue. It is anticipated that during 1998 state of the art fruit handling terminals will be in place in Sheerness, Bremerhaven, Flushing and Antwerp. In addition, we will be introducing a number of changes to our selling and logistical systems to better meet the needs of our customers.

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period are shown on page 1.

None of the directors who held office at the end of the financial period had any disclosable interests in the shares of the company or any other group companies.

EMPLOYEES AND EMPLOYEE INVOLVEMENT

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group retains its full commitment to ensuring employees are fully involved with, and kept informed of, the progress of both the particular business, and the Group overall, on a regular basis. The development of employees to realise their full potential is considered fundamental to the long-term success of the Group.

PAYMENTS TO CREDITORS

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The Company has no non-Group creditors.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



13th Feb 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF CAPESPAN INTERNATIONAL HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 23 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 4 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 and the Group'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 affairs of the Company and Group as at 28 September 1997 and of the profit of the Group for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors

3 March 1998


CONSOLIDATED PROFIT AND LOSS ACCOUNT
Fifty-two weeks ended 28 September 1997

	Note	1997 £'000	1997 £'000	1996 £'000
TURNOVER: continuing operations	1,4		496,213	560,885
Cost of sales			(480,712)	(547,158)
Commission			15,501	13,727
Administrative expenses (including £885,000 of exceptional costs in respect of reorganisation)			(15,098)	(13,842)
Other operating income			448	460
Income from associated undertaking	3,11		192	-
OPERATING PROFIT				
Continuing operations		851		345
Acquisitions	3	192		-
Total operating profit	4,6		1,043	345
Interest receivable and similar income			67	38
Interest payable and similar charges	7		(220)	(7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			890	376
Tax on profit on ordinary activities	8		(474)	(251)
Profit on ordinary activities after taxation and before minority interest			416	125
Minority interests - equity			(76)	(17)
RETAINED PROFIT FOR THE FINANCIAL PERIOD			340	108

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Fifty-two weeks ended 28 September 1997

	1997 £'000	1996 £'000
Profit attributable to members of the Group	340	108
Foreign exchange translation differences on foreign currency net investment in subsidiaries	<u>(124)</u>	<u>(31)</u>
Total recognised gains and losses for the period	<u>216</u>	<u>77</u>

There are no movements in shareholders' funds, except as shown in the statement of total recognised gains and losses.


CONSOLIDATED BALANCE SHEET
28 September 1997

	Note	1997 £'000	1996 restated £'000
FIXED ASSETS			
Tangible assets	10	2,022	1,892
Investment in associated undertaking	11	188	-
		<u>2,210</u>	<u>1,892</u>
CURRENT ASSETS			
Debtors	12	30,346	36,740
Cash at bank and in hand		11,502	20,056
		<u>41,848</u>	<u>56,796</u>
CREDITORS: amounts falling due within one year	13	<u>(41,905)</u>	<u>(53,491)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(57)</u>	<u>3,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,153	5,197
CREDITORS: amounts falling due after more than one year	14	(300)	(3,960)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(407)	(465)
MINORITY INTERESTS - equity		<u>(975)</u>	<u>(517)</u>
NET ASSETS	4	<u>471</u>	<u>255</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share premium		50	50
Profit and loss account	18	421	205
EQUITY SHAREHOLDERS' FUNDS		<u>471</u>	<u>255</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

13th Feb 1998.

Director

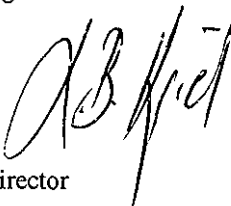


BALANCE SHEET
28 September 1997

	Note	1997 £'000	1996 £'000
FIXED ASSETS			
Investments	11	<u>3,450</u>	<u>50</u>
CREDITORS: amounts falling due within one year	13	<u>(3,400)</u>	<u>-</u>
NET CURRENT LIABILITIES		<u>(3,400)</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50</u>	<u>50</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share premium		<u>50</u>	<u>50</u>
EQUITY SHAREHOLDERS' FUNDS		<u>50</u>	<u>50</u>

These financial statements were approved by the Board of Directors on ^{13th} Feb 1998.

Signed on behalf of the Board of Directors


Director


CONSOLIDATED CASH FLOW STATEMENT
Fifty-two weeks ended 28 September 1997

	Note	1997 £'000	1996 (restated) £'000
Net cash (outflow)/inflow from operating activities	19	(6,922)	3,729
Returns on investments and servicing of finance			
Interest received		67	38
Interest paid		(187)	(7)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(120)	31
Taxation			
UK Corporation tax paid		(66)	-
Overseas tax paid		(256)	(193)
Tax paid		(322)	(193)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,024)	(724)
Receipts from sales of tangible fixed assets		52	33
Net cash outflow from capital expenditure and financial investment		(972)	(691)
Purchase of associated undertakings	3,11	(65)	-
Purchase of subsidiary undertakings	3,11	-	(524)
Net cash outflow from acquisitions		(65)	(524)
Net cash (outflow)/inflow before financing		(8,401)	2,352
(Repayment of)/increase in long term loans from ultimate parent undertakings		(160)	500
Net cash (outflow)/inflow from financing		(160)	500
(Decrease)/increase in cash in the period		(8,561)	2,852
Reconciliation of net cash flow to movement in net funds			
Change in net funds resulting from cash flows	20	(8,561)	2,852
Increase/(decrease) in loans from ultimate parent undertakings	20	160	(500)
Movement in net funds during the period		(8,401)	2,352
Opening net funds at 29 September		14,301	11,949
Closing net funds at 28 September		5,900	14,301

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts incorporate the financial statements of the Company and its subsidiaries.

The financial statements include the results of subsidiaries acquired during the year from the effective dates of acquisition, adopting acquisition accounting methods.

Associated undertakings

The results attributed to the Company's holding in associated undertakings are shown separately in the consolidated profit and loss account. The amount included in the Group balance sheet is the Group's share of the net assets of the associated undertaking.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Computer equipment	25% per annum
Computer software development	33% per annum
Motor vehicles	25% per annum
Fixtures, fittings and other equipment	Between 10% and 20% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currency

Assets and liabilities denominated in foreign currencies and net assets of overseas operations are translated into sterling at the rates of exchange ruling at the balance sheet date. The profits and losses of overseas operations are translated into sterling at average rates. Exchange rate variations, which arise from the translation at rates different from those used in the previous accounts in respect of the opening net assets of the overseas subsidiaries, are dealt with as a movement on reserves. Exchange profits or losses realised on trading transactions are included in the Group's trading results.

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

1. ACCOUNTING POLICIES (continued)

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Turnover

Turnover represents gross sales of fruit and allied products, made whilst acting as agent on behalf of the Group's ultimate parent undertakings and other Principals, and commissions thereon for their marketing, selling and distribution in the UK and Europe.

2. PRIOR PERIOD DISCLOSURE ADJUSTMENT

The prior period disclosure adjustment represents the effect of a change in the basis of recording agency transactions in the balance sheet. The directors are of the opinion, given that the Company's agency arrangement is principally undisclosed to its customers, that debtors and creditors should be shown gross. This is despite the fact that the ultimate parent undertakings and other Principals hold the beneficial interest in such debtors, save for any balances where the credit risk falls on the Company due to guarantees being breached and approval not being received from the ultimate parent undertakings and other Principals. The effect of the adjustment on the comparative figures is an increase to both debtors and creditors of £35,603,000 for the Group; it has a £nil effect on net assets.

3. ACQUISITIONS DURING THE PERIOD

On 28 May 1997 Capespan International PLC, a subsidiary of Capespan International Holdings Limited, acquired 50% of the ordinary share capital of Portco (Bremerhaven) GmbH by subscribing for 500,000 1 Deutschmark shares at par upon its incorporation and on 30 June 1997 Capespan International PLC acquired 50% of the ordinary share capital of Fresh Fruit Terminal (Vlissingen) BV by subscribing for 200,000 1 Dutch Guilder shares at par upon its incorporation.

On 5 August 1997 Fresh Fruit Services Limited, a subsidiary of Capespan International PLC, acquired 50% of the ordinary share capital of Fresh Fruit Terminal (Sheerness) Limited by subscribing for 200,000 £1 ordinary shares at par upon its incorporation.

Portco (Bremerhaven) GmbH and Fresh Fruit Terminal (Sheerness) Limited are treated as subsidiaries and Fresh Fruit Terminal (Vlissingen) BV is treated as an associate in the Capespan International Holdings Limited Group accounts.

4. ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS

	1997 £'000	1996 £'000
Turnover by destination		
United Kingdom	161,610	176,463
Benelux	55,191	62,963
Germany	107,223	129,637
France	40,959	50,113
Italy	8,873	13,053
Austria	11,959	15,537
Eastern Europe	35,512	32,950
Other European countries	74,886	80,169
	<u>496,213</u>	<u>560,885</u>

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

4. ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS (continued)

	1997 £'000	1996 £'000
Profit/(loss) on ordinary activities before taxation and interest by origin		
United Kingdom	537	100
Benelux	(8)	114
Germany	246	226
France	(58)	5
Italy	(15)	27
Austria	29	9
Holland - Associate's income before taxation	192	-
Other European countries	120	(136)
	<u>1,043</u>	<u>345</u>
	1997 £'000	1996 £'000
Net assets/(liabilities) by origin		
United Kingdom	345	434
Benelux	81	115
Germany	172	114
France	(176)	(143)
Italy	3	20
Austria	23	6
Other European countries	23	(291)
	<u>471</u>	<u>255</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1997 £'000	1996 £'000
Total directors' emoluments, excluding pension contributions	<u>814</u>	<u>734</u>
Remuneration of the highest paid director	<u>177</u>	<u>186</u>
	No.	No.
Number of directors who are members of a defined benefit scheme	<u>7</u>	<u>7</u>

The highest paid director is not a member of either of the defined benefit pension schemes described in note 23 and, accordingly, has no accrued pension as at 28 September 1997 (1996: £nil)

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1997 No.	1996 No.
Average number of persons employed		
Sales and marketing	109	95
Supply chain	67	45
Administration	67	62
	<u>243</u>	<u>202</u>
Staff costs during the period (including directors)	£'000	£'000
Wages and salaries	6,870	6,050
Social security costs	774	717
Pension costs	482	447
	<u>8,126</u>	<u>7,214</u>

6. OPERATING PROFIT

	1997 £'000	1996 £'000
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned assets	721	746
Rentals under operating leases		
Hire of plant and machinery	36	63
Other operating leases	810	744
Foreign exchange gain	(201)	(132)
Auditors' remuneration		
Audit fees	127	129
Other services	107	116
	<u></u>	<u></u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £'000	1996 £'000
Bank loans and overdrafts	<u>220</u>	<u>7</u>

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
UK corporation tax at 32% (1996 - 33%)	239	56
Overseas taxation	160	229
Share of tax in associated undertaking	69	-
Deferred taxation charge/(credit)	19	(16)
Prior period adjustments		
UK corporation tax	21	-
Overseas taxation	(34)	(7)
Deferred taxation	-	(11)
	<u>474</u>	<u>251</u>

The tax charge is disproportionately high compared to the profit for the period due to higher tax rate suffered in overseas jurisdictions and the level of disallowable expenditure for tax purposes. The exceptional costs noted in the profit and loss account represents reorganisation costs incurred in a number of countries, a portion of which, may not be allowable for tax purposes.

9. PROFIT AND LOSS ACCOUNT OF THE COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The Company did not trade during the period and, accordingly, made neither a profit nor a loss.

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

10. TANGIBLE FIXED ASSETS

The Group	Short-term leasehold improve- ments £'000	Computer equipment and software £'000	Motor vehicles £'000	Fixtures, fittings and other equipment £'000	Total £'000
Cost					
At 30 September 1996	30	1,189	431	1,137	2,787
Additions	-	778	138	108	1,024
Disposals	-	(108)	(184)	(121)	(413)
Exchange adjustment	(3)	(104)	(85)	(144)	(336)
	<u>27</u>	<u>1,755</u>	<u>300</u>	<u>980</u>	<u>3,062</u>
At 28 September 1997					
Accumulated depreciation					
At 30 September 1996	14	449	171	261	895
Charge for the period	7	458	101	155	721
Disposals	-	(92)	(149)	(117)	(358)
Exchange adjustment	(2)	(75)	(41)	(100)	(218)
	<u>19</u>	<u>740</u>	<u>82</u>	<u>199</u>	<u>1,040</u>
At 28 September 1997					
Net book value					
At 28 September 1997	<u>8</u>	<u>1,015</u>	<u>218</u>	<u>781</u>	<u>2,022</u>
At 29 September 1996	<u>16</u>	<u>740</u>	<u>260</u>	<u>876</u>	<u>1,892</u>

11. INVESTMENTS HELD AS FIXED ASSETS

The Company	Shares in subsidiaries £'000
Cost	
At 29 September 1996	50
Additions	3,400
	<u>3,450</u>
At 28 September 1997	<u>3,450</u>

During the year, the company subscribed for 3,400,000 £1 ordinary voting shares at par in Capespan International PLC and in consideration £3.4 million of liabilities due to the two ultimate parent undertakings was transferred into the company.

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

11. INVESTMENTS HELD AS FIXED ASSETS (continued)

The Company has the following investment entities:

	Shareholding %	Type	Incorporated and trading in
Capespan International PLC Held by Capespan International PLC	100	Subsidiary	Great Britain
Capespan UK Limited	100	Subsidiary	Great Britain
Capespan Benelux NV	100	Subsidiary	Belgium
Capespan Deutschland GmbH	100	Subsidiary	Germany
Capespan Austria GmbH	100	Subsidiary	Austria
Portco (Bremerhaven) GmbH	50	Subsidiary	Germany
Fresh Fruit Terminal (Vlissingen) BV	50	Associate	Holland
Unifruco (UK) Limited	100	Subsidiary	Great Britain
Fresh Fruit Services Limited Held by Fresh Fruit Services Limited	50	Subsidiary	Great Britain
Fresh Fruit Terminal (Sheerness) Limited Held by Capespan Deutschland GmbH	50	Subsidiary	Great Britain
H. Olf & Sohn GmbH Held by Capespan UK Limited	100	Subsidiary	Germany
Capespan France SA Held by Unifruco (UK) Limited	100	Subsidiary	France
Capespan Italia Srl	100	Subsidiary	Italy

All principal subsidiaries and associates provide marketing, selling and distribution services in relation to the fruit trade and allied products, except for Unifruco (UK) Limited and Capespan Deutschland GmbH which act as holding companies.

All the above undertakings have financial years ending on 28 September 1997 except Fresh Fruit Terminal (Vlissingen) BV which will prepare its first set of accounts for the period ended 31 December 1997. At 28 September 1997 Fresh Fruit Terminal (Vlissingen) BV has capital and reserves totalling £376,000.

**Group share of associated undertaking's net
assets under equity method of accounting**

	The Group £'000
At 29 September 1996	-
Additions	65
Share of profits before tax for the period	192
Share of tax for the period	(69)
	<hr/>
At 28 September 1997	188
	<hr/>

NOTES TO THE ACCOUNTS
Fifty-two weeks ended 28 September 1997

12. DEBTORS

	The Group	
	1997	1996
	£'000	as restated (see note 2) £'000
Trade debtors	25,082	34,916
Amounts owed by group undertakings:		
Other group undertakings	206	36
Corporation taxation recoverable	17	-
Overseas taxation recoverable	32	42
Deferred taxation	6	27
Other debtors	2,665	1,032
Prepayments and accrued income	2,338	687
	<u>30,346</u>	<u>36,740</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1997	1996	1997	1996
	£'000	as restated (see note 2) £'000	£'000	£'000
Bank loans and overdrafts	1,802	1,795	-	-
Trade creditors	6,698	4,684	-	-
Amounts owed to group undertakings:				
Ultimate parent undertakings	22,261	38,689	3,400	-
Other group undertakings	523	1,153	-	-
Corporation tax	239	56	-	-
Overseas tax	129	243	-	-
Other taxes and social security	1,656	1,463	-	-
Other creditors	3,776	1,183	-	-
Accruals and deferred income	4,821	4,275	-	-
	<u>41,905</u>	<u>53,491</u>	<u>3,400</u>	<u>-</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Amounts owed to ultimate parent undertakings	<u>300</u>	<u>3,960</u>	<u>-</u>	<u>-</u>

The remaining long term loans payable to the ultimate parent undertakings of £400,000 (£100,000 being included within creditors: amounts falling due within one year for the Group) are interest free and are repayable in equal instalments over four years.

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

15. PROVISIONS FOR LIABILITIES AND CHARGES

	The Group £'000
Pensions and similar obligations	
At 29 September 1996	415
Exchange rate variation	(65)
Charged to profit and loss account	57
	<hr/>
At 28 September 1997	407
	<hr/>

16. DEFERRED TAXATION

The deferred taxation asset recorded in the financial statements within debtors is:

	The Group 1997 £'000	1996 £'000
Depreciation in excess of capital allowances	29	16
General provisions	(23)	11
	<hr/>	<hr/>
	6	27
	<hr/>	<hr/>

The following deferred tax asset was not recognised in the financial statements

	The Group
Depreciation in excess of capital allowances	9
	<hr/>

17. CALLED UP SHARE CAPITAL

	Group 1997 £	Company 1997 £	Group 1996 £	Company 1996 £
Authorised				
1,000 ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
Called up and allotted				
2 ordinary shares of £1 each	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

18. RESERVES

	Profit and loss account £'000
The Group	
At 30 September 1996	205
Retained profit	340
Exchange rate variations	(124)
	<hr/>
At 28 September 1997	421
	<hr/> <hr/>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1997 £'000	1996 £'000
Operating profit	1,043	345
Depreciation	721	746
	<hr/>	<hr/>
	1,764	1,091
Decrease in debtors	6,430	122
(Decrease)/increase in creditors	(15,105)	2,505
(Decrease)/increase in provisions	(8)	25
Loss/(profit) on sale of fixed assets	3	(10)
Foreign exchange movement	(6)	(4)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(6,922)	3,729
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

20. ANALYSIS OF MOVEMENT IN NET FUNDS

	1997 Cash £'000	1997 Debt £'000	1997 Net funds £'000	1996 Cash £'000	1996 Debt £'000	1996 Net funds £'000
Balance brought forward	18,261	(3,960)	14,301	15,409	(3,460)	11,949
Cash (outflow)/inflow during the period	(8,561)	-	(8,561)	2,852	-	2,852
Repayment of/(increase) in long term loans from ultimate parent undertakings	-	160	160	-	(500)	(500)
Balance carried forward	<u>9,700</u>	<u>(3,800)</u>	<u>5,900</u>	<u>18,261</u>	<u>(3,960)</u>	<u>14,301</u>

£3,800,000 of debt includes £3,400,000 of loans due to ultimate parent undertakings which were formerly payable by the company's 100% subsidiary Capespan International PLC. Capespan International PLC issued 3,400,000 £1 shares in exchange for Capespan International Holdings Limited assuming these loans. Capespan International Holdings Limited has reclassified these loans as falling due within one year in the absence of formal repayment terms.

21. FUTURE CAPITAL EXPENDITURE

	The Group	
	1997 £'000	1996 £'000
Contracted for but not provided	-	34

22. OPERATING LEASE COMMITMENTS

At 28 September 1997 the Group was committed to making the following payments in the year ending 28 September 1998 in respect of operating leases:

	The Group	
	Land and buildings £'000	Other £'000
Leases which expire:		
Within one year	9	102
Within two to five years	90	267
After five years	418	2
	<u>517</u>	<u>371</u>

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

23. PENSION SCHEMES

The Group has a number of pension schemes throughout Europe. The major schemes, which cover some 74% of scheme members, are split between defined benefit and defined contribution schemes.

The total pension cost for the Group in this period was £482,000 (1996: £447,000) of which £78,000 (1996: £166,000) relates to overseas schemes.

The funding relating to the principal UK defined benefit schemes is assessed in accordance with the advice of qualified actuaries at the appropriate time. The latest actuarial assessments were performed as set out below using the projected unit method for both schemes:

	Date of latest actuarial assessment	Market value of scheme assets £'000	Surplus of fund over actuarial value of accrued benefits
Unifruco Pension Scheme	1 October 1995	3,029	36%
SACCE Pension Scheme	1 February 1997	11,273	44%

The principal assumptions used by the qualified actuaries in performing the latest actuarial assessments are:

	Unifruco Pension Scheme	SACCE Pension Scheme
Investment returns	8% per annum	7½% per annum
Salary growth	5% per annum	8½% per annum
Pension increase	as guaranteed by the scheme	as guaranteed by the scheme

The pension cost relating to foreign schemes includes £57,000 (1996: £127,000) where the charge has been determined in accordance with local best practice and regulations in Germany. The German pension provision has been valued in accordance with SSAP 24.

NOTES TO THE ACCOUNTS

Fifty-two weeks ended 28 September 1997

24. RELATED PARTY TRANSACTIONS

As noted in the directors' report, the Capespan Group handles fruit and processed products on behalf of Outspan International Limited and Unifruco Limited, its two joint ultimate parent undertakings, FIDI Limited ("FIDI"), a fellow associated company of Unifruco Limited, Fresh Cape Juices (Pty) Limited ("Fresh Cape Juices"), Vinfruco (Pty) Limited ("Vinfruco") and Fruit Exporters of Southern Africa (Pty) Limited ("Frusal"), subsidiary companies of Unifruco Limited. In consideration for handling fruit and processed products the Group receives an arm's length commission:

	Gross sales £'000	Commission received £'000	Net creditor/ (debtor) at 28 September 1997 £'000
Unifruco Limited	290,923	8,912	4,999
Outspan International Limited	161,995	5,884	14,161
FIDI	3,303	115	369
Fresh Cape Juices	4,323	66	(48)
Vinfruco	9,714	333	(59)
Frusal	7,259	172	159
	<u>477,517</u>	<u>15,482</u>	

Capespan International PLC ("PLC"), a 100% subsidiary of Capespan International Holdings Limited, is owed £137,000 by the South African Co-operative Citrus Exchange ("SACCE") Limited Pension and Life Assurance Scheme in respect of administration charges incurred by the scheme during the last three years but settled by PLC. No administration charges have been borne by the Group.

No amounts have been provided for or written off in respect of those amounts owed to Unifruco Limited, Outspan International Limited, FIDI and Frusal or the amount owed by the SACCE pension scheme during the period.

PLC paid Reef Investments Limited, a 100% subsidiary of Unifruco Limited, £418,000 in respect of rental costs for Farnham House, the Capespan Group's Head Office.

25. ULTIMATE PARENT UNDERTAKINGS

Capespan International Holdings Limited is jointly owned by Outspan International Limited and Unifruco Limited, the ultimate parent undertakings. Outspan International Limited and Unifruco Limited are companies incorporated in the Republic of South Africa.

Accounts of the ultimate parent undertakings are available from:

Outspan International Limited	Unifruco Limited
P.O. Box 7733	Parc du Cap
Hennopsmeer 0046	P.O. Box 505
Republic of South Africa	Bellville 7535
	Republic of South Africa