

Company registered no: SC26184

**UNITED BISCUITS (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED**

**1 JANUARY 2005**



# United Biscuits (Holdings) Limited

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## Directors' Report

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The directors present their report and the accounts for the fifty-two weeks ended 1 January 2005.

### Directors

The directors who served during the year were:

B Meunier  
AGM Ritchie  
D Murphy (resigned 5 October 2004)  
S Furst  
M Oldham

### Review of the business and future developments

The principal activity of the Company is to act as an investment holding company for the United Biscuits Group. No change in this activity is intended. Full details of the performance of the United Biscuits Group are set out in the report and accounts of United Biscuits Group (Investments) Limited, copies of which are available from its registered office: Hayes Park, Hayes End Road, Hayes, Middlesex, UB4 8EE.

### Loss and appropriations

The loss for the period is shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the period (2003: nil).

### Directors and their interests

The names of the present directors are as stated above. No director, other than those shown below, had interests in the share capital of either the Company or other group companies. Those holding interests in the share capital of the ultimate UK parent company, United Biscuits Group (Investments) Limited, were as follows:

	'M' shares as at 1 January 2005	'E' shares as at 1 January 2005	'M' shares as at 3 January 2004	'E' shares as at 3 January 2004
AGM Ritchie	26,587	-	26,587	-
S Furst	-	425	-	425
M Oldham	-	425	-	425

The share capital of United Biscuits Group (Investments) Limited is divided into three classes of share. The 'M' shares were issued in 2001 to senior management and they entitle holders to one vote per share at shareholders' meetings. The 'E' shares were issued to certain other employees and do not contain any voting rights. Further details of the scheme are given in the Notes to the financial statements of United Biscuits Group (Investments) Limited.

No director had, during the period or at the end of the period, any material interest in any contract of significance to the Company's business.

During the period the Company maintained liability insurance for its directors and officers.

# **United Biscuits (Holdings) Limited**

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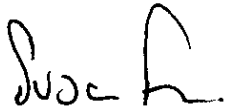
## **Directors' Report (continued)**

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### **Auditors**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



**Director**

26 April 2005

Registered Office:

50, Lothian Road  
Festival Square  
Edinburgh  
EH3 9BY

## **United Biscuits (Holdings) Limited**

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### **Statement of directors' responsibilities in respect of the financial statements**

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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 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 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.*

# United Biscuits (Holdings) Limited

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## Report of the auditors' to the members of United Biscuits (Holdings) Limited

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We have audited the company's financial statements for the year ended 1 January 2005, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

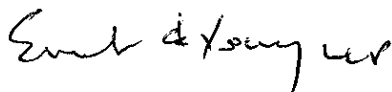
### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 1 January 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

26 April 2005

**United Biscuits (Holdings) Limited**  
**Profit and Loss Account**

**For the 52 weeks ended 1 January 2005**

	<b>Notes</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Administrative expenses		(10)	(34)
Other income		70	-
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before interest</b>	<b>3</b>	<b>60</b>	<b>(34)</b>
Net interest payable	4	(3,018)	(2,214)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(2,958)</b>	<b>(2,248)</b>
Taxation	5	912	660
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>		<b>(2,046)</b>	<b>(1,588)</b>
		<hr/>	<hr/>

All amounts relate to continuing activities.

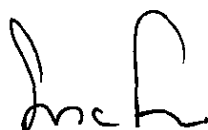
There were no recognised gains or losses other than those disclosed above.

**United Biscuits (Holdings) Limited**  
**Balance Sheet**

**As at 1 January 2005**

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Investments in subsidiaries	6	1,153,962	1,153,962
<b>Current assets</b>			
Debtors	7	16	8,882
Cash at bank		4,999	4,976
		5,015	13,858
<b>Creditors: amounts falling due within one year</b>	8	453,922	460,616
<b>Net current liabilities</b>		(448,907)	(446,758)
<b>Total assets less current liabilities</b>		705,055	707,204
<b>Creditors: amounts falling due after more than one year</b>	9	4,816	4,796
<b>Provisions for liabilities and charges</b>	10	152	275
<b>Net assets</b>		700,087	702,133
<b>Capital and Reserves</b>			
Called up share capital	11	220,945	220,945
Share premium	12	129,369	129,369
Capital reserve	12	313,773	313,773
Profit and loss account	12	36,000	38,046
<b>Total Shareholder's funds</b>		700,087	702,133

Approved by the Board and signed on its behalf on 26 April 2005.



Director

# **United Biscuits (Holdings) Limited**

## **Notes to the financial statements**

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### **1 Accounting Policies**

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#### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The Company is exempt from producing group financial statements, under S228 of the Companies Act 1985, as its parent company as at 1 January 2005, United Biscuits Group (Investments) Limited has produced group financial statements.

#### **Investments**

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

#### **Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for gains which have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a commitment to dispose of the replacement assets. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will again be rolled over into further replacement assets;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **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 are taken to the profit and loss account.

#### **Cash flow statement**

The company has not produced a cash flow statement as the parent company as at 1 January 2005, United Biscuits Group (Investments) Limited, has prepared a consolidated cash flow statement complying with FRS1 Cash Flow Statements (revised 1996).

**United Biscuits (Holdings) Limited**  
**Notes to the financial statements (continued)**

**2 Directors and employees**

AGM Ritchie, S Furst and M Oldham's remuneration was paid by United Biscuits (UK) Limited by whom they are employed. Other directors receive their remuneration from United Biscuits Group (Investments) Limited. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the Company and their services as directors of the holding and fellow subsidiaries.

The company has no employees.

**3 Profit/(Loss) on ordinary activities before interest**

The auditor's remuneration is borne by United Biscuits (UK) Limited.

**4 Interest**

	2004 £'000	2003 £'000
<b>Interest payable</b>		
Fellow subsidiary undertakings	3,085	2,304
Third Party Interest Charge	3	-
	<u>3,088</u>	<u>2,304</u>
<b>Interest receivable</b>		
Bank deposit	70	90
	<u>70</u>	<u>90</u>
<b>Net interest payable</b>	<u><u>3,018</u></u>	<u><u>2,214</u></u>

**United Biscuits (Holdings) Limited**  
**Notes to the financial statements (continued)**

**5 Tax credit**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Current tax	(912)	(682)
Deferred tax	-	22
	<u>(912)</u>	<u>(660)</u>
The statutory rate of tax is reconciled to the effective rate of current tax as follows:		
	%	%
Statutory rate	30.0	30.0
Release of over-provisions in prior years	-	-
Losses on which no tax credit provided	-	-
Other items	0.8	-
	<u>30.8</u>	<u>30.0</u>
Effective current tax rate	<u>30.8</u>	<u>30.0</u>

**6 Investments in subsidiaries**

	<b>£'000</b>
<b>Cost</b>	
At 1 January 2005 and 3 January 2004	1,159,116
<b>Provisions</b>	
At 1 January 2005 and 3 January 2004	(5,154)
Net book value at 1 January 2005 and 3 January 2004	<u>1,153,962</u>

Details of the Company's principal subsidiary undertakings at 1 January 2005 are set out below:

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
<b>Held directly:</b>		
UB Foods US Limited	UK+	Holding company
UB Overseas Limited	UK+	Holding company
UB Investments plc	UK*	Holding company
McVitie & Price Limited	UK*	Holding company

+ Registered in England

\* Registered in Scotland

At 1 January 2005 all the above subsidiary undertakings were wholly owned. The Company also held investments in other subsidiaries, which were either dormant or not significant.

The directors are of the opinion that the aggregate value of the Company's investment in its subsidiary undertakings was not less than the amount at which it was included in the balance sheet.

**United Biscuits (Holdings) Limited**  
**Notes to the financial statements (continued)**

**7 Debtors**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Amounts receivable from parent company	-	8,660
Amounts receivable from fellow subsidiary companies	16	222
	<u>16</u>	<u>8,882</u>

**8 Creditors: amounts falling due within one year**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Amounts due to fellow subsidiary companies	453,807	460,431
Accruals and deferred income	115	185
	<u>453,922</u>	<u>460,616</u>

**9 Creditors: amounts falling due after more than one year**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Amounts due to fellow subsidiary companies	<u>4,816</u>	<u>4,796</u>

**10 Provision for liabilities and charges**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Balance at beginning of year	275	422
Amounts utilised	(123)	(147)
Balance at end of year	<u>152</u>	<u>275</u>

Provision has been made by the Company for pension benefits in respect of a former director.

**United Biscuits (Holdings) Limited**  
**Notes to the financial statements (continued)**

**11 Share capital**

	<b>Number 000's</b>	<b>Ordinary Shares £'000</b>
<b>Ordinary share capital</b>		
<b>Authorised</b>		
At 1 January 2005 and 3 January 2004:	<u>900,000</u>	<u>261,000</u>
<b>Allotted, called-up and fully paid</b>		
At 1 January 2005 and 3 January 2004:	<u>761,878</u>	<u>220,945</u>

**12 Reconciliation of shareholder's funds and movements on reserves**

	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit &amp; Loss account £'000</b>	<b>Total £'000</b>
Opening shareholder's funds	220,945	129,369	313,773	38,046	702,133
Loss for the year	-	-	-	(2,046)	(2,046)
Closing shareholder's funds	<u>220,945</u>	<u>129,369</u>	<u>313,773</u>	<u>36,000</u>	<u>700,087</u>

**13 Inter-group cross-guarantee**

The Company, together with other subsidiary undertakings in the United Biscuits Group, has cross-guaranteed the Group's Senior Credit Facility, which is held by Regentrealm Limited, an investment company within the United Biscuits group. The amount outstanding under the facility as at 1 January 2005 was £637.0 million (2003: £439.4 million).

**14 Related party transactions**

The Company has taken advantage of the exemptions laid out in the Financial Reporting Standard 8, "Related Party Transactions" not to disclose transactions with entities that are part of the group, on the grounds that consolidated financial statements of the group are publicly available.

**United Biscuits (Holdings) Limited**  
**Notes to the financial statements (continued)**

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**15 Ultimate parent company**

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The Company's ultimate UK parent undertaking is United Biscuits Group (Investments) Limited. It has included the Company in its group financial statements, copies of which are available from its registered office: Hayes Park, Hayes End Road, Hayes, Middlesex, UB4 8EE.

In the directors' opinion, the Company's ultimate parent undertaking is United Biscuits (Equity) Limited which is incorporated in the Cayman Islands.