

Registered No. 64218

UB GROUP LIMITED

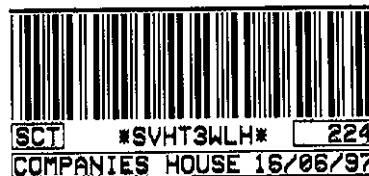
REPORT AND ACCOUNTS

FOR

THE 52 WEEKS ENDED

28th DECEMBER 1996

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UB Group Limited

Directors' Report

Directors

E.L. Nicoli
A.G. Clark
A.D. Frew
J.A. Warren

The directors present their report and the accounts for the fifty-two weeks ended 28th December 1996.

Principal activity, Review of the Business and Future Developments

The principal activity of the Company is to act as a holding company for certain subsidiaries of the United Biscuits (Holdings) plc group (the "Group") and own trademarks. No change in this activity is intended. Full details of the performance of the Group are set out in the report and accounts of United Biscuits (Holdings) plc, the ultimate parent company, copies of which may be obtained from the address shown in note 11.

On 2nd December 1996, the Company transferred its 24.9% interest in the ordinary share capital of Capital Foods Investments Limited to UB Frozen & Chilled Foods Limited, a fellow subsidiary of the United Biscuits Group.

Profit and appropriations

The profit and appropriations for the year are shown in the profit and loss account on page 6. On 18th December 1996, the Company paid an interim dividend of £24.8m. The directors do not recommend the payment of any further dividend.

Employees

The Company, as a holding company, does not have any employees.

Directors

The names of the present directors, all of whom served throughout the year, are as stated above. In accordance with the articles of association, they 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 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 10 to the accounts.

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

UB Group Limited

Directors' Report (continued)

Auditors

A resolution to reappoint Ernst & Young as auditors will be put to the annual general meeting.

On behalf of the board



A.D. Frew
Secretary

25 March 1997

Registered Office:

Church Road
West Drayton
Middlesex UB7 7PR

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 the accounts on pages 6 to 13 inclusive, appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgements, and all applicable accounting standards have been followed.

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.

They are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the accounts.

Report of the auditors to the members of UB Group Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

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 on those accounts based on our audit, and to report our opinion to you.

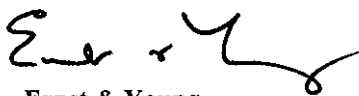
Basis of opinion

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 28th December 1996 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
Chartered Accountants
Registered Auditor
London

25 March 1997

UB Group Limited

Profit & Loss Account

for the 52 weeks ended 28th December 1996

Notes		1996 £m	1995 £m
	Income from shares in group undertakings	28.5	26.4
	Royalty income	6.4	5.6
	Provision for rent guarantees	(0.6)	-
	Writedown of investment in associated undertakings	(1.5)	-
	Loss on disposal of investments	(2.1)	-
	Profit on ordinary activities before tax	30.7	32.0
2	Tax on profit on ordinary activities	3.6	6.5
	Profit attributable to shareholders	27.1	25.5
3	Dividends	24.8	36.4
8	Balance to/(from) reserves	2.3	(10.9)

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

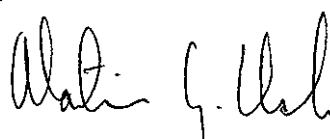
UB Group Limited

Balance Sheet

as at 28th December 1996

Notes		1996 £m	1995 £m
	Fixed assets		
4	Intangible assets	73.4	73.4
5	Investments	355.0	356.5
		428.4	429.9
	Current assets		
	Amount owed by fellow subsidiary undertakings	96.0	66.3
	Taxation	-	4.1
	Other debtors	0.4	-
		96.4	70.4
	Creditors: amounts falling due within one year		
	Amount owed to parent company and fellow subsidiary undertakings	331.2	311.4
	Taxation	0.9	-
		332.1	311.4
	Net current liabilities	(235.7)	(241.0)
	Total assets less current liabilities	192.7	188.9
	Creditors: amounts falling due after more than one year		
	Taxation	17.6	17.6
6	Provisions for liabilities and charges	1.5	-
		19.1	17.6
		173.6	171.3
	Capital and reserves		
7	Called up equity share capital	11.0	11.0
8	Share premium account	155.1	155.1
8	Profit and loss account	7.5	5.2
	Shareholder's funds	173.6	171.3

Signed on behalf of the board 25 March 1997.



A.G. Clark

UB Group Limited

Notes to the accounts at 28th December 1996

1 Accounting policies

Basis of accounting

The accounts are prepared on the historical cost basis of accounting, and in accordance with applicable accounting standards.

Intangible assets

Trademarks are valued at cost at the date of acquisition and accounted for as intangible assets.

No amortisation is provided on these assets but the cost will be written down if, in the directors' opinion, there has been a permanent diminution in their value.

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.

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.

UB Group Limited

Notes to the accounts at 28th December 1996 (continued)

2 Tax on profit on ordinary activities

	1996 £m	1995 £m
On the profit for the year :		
UK corporation tax at 33%	1.9	1.9
Tax credit on UK dividends received	1.7	4.7
Adjustment in respect of prior years	-	(0.1)
	<u>3.6</u>	<u>6.5</u>

3 Dividends

	1996 £m	1995 £m
Dividends - paid	<u>24.8</u>	<u>36.4</u>

4 Intangible Assets

	1996 £m	1995 £m
Trademarks at cost :		
At 31st December 1995	73.4	70.1
Additions	-	3.3
At 28th December 1996	<u>73.4</u>	<u>73.4</u>

UB Group Limited

Notes to the accounts at 28th December 1996 (continued)

5 Investments

	1996 £m	1995 £m
Investments in subsidiary undertakings	355.0	355.0
Investment in associate undertaking	-	1.5
	<u>355.0</u>	<u>356.5</u>
Movements during the year:		
At 31st December 1995	356.5	
Writedown of investment in associated undertaking	(1.5)	
At 28th December 1996	<u>355.0</u>	

Details of the Company's principal subsidiary undertakings at 28th December 1996 are set out below:

Principal subsidiary undertakings	Activities and operations	Country of incorporation
The Derwent Valley Food Group Limited	Dormant	England
United Biscuits (UK) Limited	Food manufacturer	England

The above subsidiaries are wholly owned.

On 2nd December 1996, the Company transferred at book value its 24.9% interest in the ordinary share capital of Capital Foods Investments Limited to UB Frozen & Chilled Foods Limited, a fellow subsidiary of United Biscuits (Holdings) plc, the Company's ultimate parent company.

Group accounts have not been prepared as the Company is a wholly owned subsidiary of another company incorporated in Great Britain. 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 is included in the balance sheet.

6 Provision for liabilities and charges

	1996 £m	1995 £m
Provisions for rent guarantees on disposal of associated undertaking	0.9	-
Other rent guarantees	0.6	-
	<u>1.5</u>	<u>-</u>

Notes to the accounts at 28th December 1996 (continued)

7 Equity share capital

	1996 £m	1995 £m
Authorised, allotted, called up and fully paid 11 million ordinary shares of £1 each	11	11

8 Reconciliation of movements in shareholder's funds

	Called up equity share capital £m	Share premium £m	Profit and loss account £m	1996 Total £m	1995 Total £m
At 31st December 1995	11.0	155.1	5.2	171.3	182.2
Profit attributable to shareholders	-	-	27.1	27.1	25.5
Dividends	-	-	(24.8)	(24.8)	(36.4)
At 28th December 1996	11.0	155.1	7.5	173.6	171.3

UB Group Limited

Notes to the accounts at 28th December 1996 (continued)

9 Directors' emoluments

	1996	1995
Emoluments as executives:		
- Salaries	1,271,592	940,548
- Benefits in kind	63,518	62,464
- Pension contributions	205,988	218,555
	<u>1,541,098</u>	<u>1,221,567</u>

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

£	No.	No.
145,001 - 150,000	-	1
155,001 - 160,000	-	1
200,001 - 205,000	1	-
210,001 - 215,000	1	-
255,001 - 260,000	-	1
340,001 - 345,000	1	-
430,001 - 435,000	-	1
575,001 - 580,000	1	-

The emoluments, excluding pension contributions, of the highest paid director were £578,722 (1995: £434,752).

The directors of the Company are also directors of fellow subsidiaries. The directors received total remuneration for the year of £1,541,098 (1995: £1,221,567), which was paid by fellow subsidiaries. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of fellow subsidiaries.

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

	Ordinary Shares		Options			
	1996 No.	1995 No.	1996 No.	Granted	Lapsed	1995 No.
A.G. Clark	44,095	42,502	126,272	4,181	2,839	124,930
A.D. Frew	3,559	-	200,354	52,826	7,098	154,626
E.L. Nicoli	74,398	71,941	487,983	80,274	68,980	476,689
J.A. Warren	20,804	19,867	260,725	22,153	18,518	257,090

Since the year end, the beneficial shareholdings of A.G. Clark, A.D. Frew, E.L. Nicoli and J.A. Warren have increased by 348, 18, 15 and 356 shares respectively. Since the year end, options over 1,284 shares have lapsed under the savings related share option scheme.

The options are exercisable at prices varying from 165p to 400p up to 10 July 2006.

11 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.