

Registered No. 64218

**UB GROUP LIMITED**

**REPORT AND ACCOUNTS**

**FOR**

**THE 52 WEEKS ENDED**

**2 JANUARY 1999**



u/accounts/1999/ubgrp Ltd

**Directors' Report**

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**Directors**

E.L. Nicoli (resigned with effect from 30 April 1999)  
A.G. Clark  
A.D. Frew  
J.A. Warren

The directors present their report and the accounts for the fifty-two weeks ended 2 January 1999.

**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 to 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.

**Transactions during the year**

During 1998 the Company made a surplus of £150m on the disposal of United Biscuits (UK) Limited to McVitie & Price Limited. The consideration received was £482m.

**Profit and appropriations**

The profit and appropriations for the year are shown in the profit and loss account on page 6. A dividend of £150m was paid on 16 April 1998 and a further dividend of £8m was paid on 18 December 1998 (1997 – interim dividend £60m, no final dividend).

**Directors**

The names of the present directors, all of whom served throughout the year, are as stated above.

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.

**Millenium Compliance**

In order to secure customer service levels across the change to the year 2000, the United Biscuits Group started planning in 1995 a major programme of millenium compliance activity. This involves the testing and replacement, where necessary, of all computer software, hardware, telecommunications and other equipment containing embedded microchips. The millenium compliance programme remains on schedule. In addition, the Group is involving its stakeholders, particularly suppliers and customers, in the establishment and testing of detailed contingency planning arrangements in case of problems in the supply chain.

# **UB Group Limited**

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

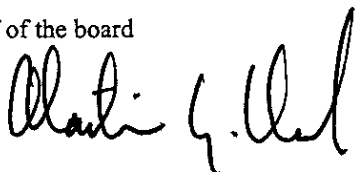
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### **Auditors**

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

On behalf of the board



**A.G. Clark**  
**Director**

19 August 1999

Registered Office:

50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9BY

**Statement of directors' responsibilities in relation to the accounts**

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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 11 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.

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**Report of the auditors to the members of UB Group Limited**

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We have audited the accounts on pages 6 to 11 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 solely 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.

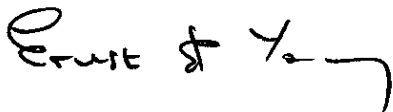
**Basis of opinion**

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 2 January 1999 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young**  
Registered Auditor  
London

19 August 1999

# UB Group Limited

## Profit & Loss Account

for the 52 weeks ended 2 January 1999

|  | Notes | 1998<br>£m    | 1997<br>£m  |
|--|-------|---------------|-------------|
| Investment income  |       | -             | 40.0        |
| Other income   |       | 0.5           | 5.1         |
| Administrative expenses                                      | 5     | (22.1)        | (2.4)       |
| <b>Operating (loss) / profit</b>                             |       | <b>(21.6)</b> | <b>42.7</b> |
| Profit on disposal of fixed assets                           | 4/5   | 144.7         | 25.0        |
| <b>Profit on ordinary activities before interest and tax</b> |       | <b>123.1</b>  | <b>67.7</b> |
| Interest receivable  |       | 6.5           | 0.4         |
| <b>Profit before tax</b>                                     |       | <b>129.6</b>  | <b>68.1</b> |
| Tax (credit) / charge on profit on ordinary activities       | 2     | (1.4)         | 1.8         |
| <b>Profit attributable to shareholders</b>                   |       | <b>131.0</b>  | <b>66.3</b> |
| Dividends  | 3     | 158.0         | 60.0        |
| <b>Balance (from)/to reserves</b>                            | 8     | <b>(27.0)</b> | <b>6.3</b>  |

All activities relate to continuing operations.

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

# UB Group Limited

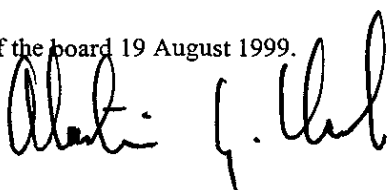
## Balance Sheet

as at 2 January 1999

|  | Notes | 1998<br>£m    | 1997<br>£m     |
|--|-------|---------------|----------------|
| <b>Fixed assets</b>  |       |               |                |
| Intangible assets  | 4     | -             | 6.4            |
| Investments  | 5     | 1.3           | 355.0          |
|  |       | <b>1.3</b>    | <b>361.4</b>   |
| <b>Current assets</b>  |       |               |                |
| Amount owed by fellow subsidiary undertakings                    |       | <b>168.6</b>  | 229.1          |
| Other debtors  |       | <b>0.3</b>    | 0.1            |
|  |       | <b>168.9</b>  | <b>229.2</b>   |
| <b>Creditors: amounts falling due within one year</b>            |       |               |                |
| Amount owed to parent company and fellow subsidiary undertakings |       | -             | 390.9          |
| Taxation   |       | -             | 0.2            |
|  |       | -             | <b>391.1</b>   |
| <b>Net current assets / (liabilities)</b>                        |       | <b>168.9</b>  | <b>(161.9)</b> |
| <b>Total assets less current liabilities</b>                     |       | <b>170.2</b>  | <b>199.5</b>   |
| <b>Creditors: amounts falling due after more than one year</b>   |       |               |                |
| Taxation   |       | <b>16.1</b>   | 17.6           |
| Other creditors  |       | <b>0.1</b>    | -              |
|  |       | <b>16.2</b>   | <b>17.6</b>    |
| <b>Provisions for liabilities and charges</b>                    | 6     | <b>1.1</b>    | <b>2.0</b>     |
| <b>Net assets</b>  |       | <b>152.9</b>  | <b>179.9</b>   |
| <b>Capital and reserves</b>                                      |       |               |                |
| Called up equity share capital                                   | 7     | <b>11.0</b>   | 11.0           |
| Share premium account  | 8     | <b>155.1</b>  | 155.1          |
| Profit and loss account  | 8     | <b>(13.2)</b> | 13.8           |
| <b>Shareholder's Funds</b>                                       |       | <b>152.9</b>  | <b>179.9</b>   |

Signed on behalf of the board 19 August 1999.

A.G. Clark  
Director



# UB Group Limited

## Notes to the accounts

### 1 Accounting policies

#### Basis of accounting

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

#### 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.

### 2 Tax on profit on ordinary activities

|  | 1998<br>£m   | 1997<br>£m |
|--|--------------|------------|
| On the profit for year:  |              |            |
| UK Corporation tax at 31% (1997 : 31.5%)                             | 0.1          | 1.7        |
| Adjustment in respect of prior years - current tax (credit) / charge | <u>(1.5)</u> | <u>0.1</u> |
|  | <u>(1.4)</u> | <u>1.8</u> |

### 3 Dividends

|                  | 1998<br>£m   | 1997<br>£m  |
|------------------|--------------|-------------|
| Dividends - paid | <u>158.0</u> | <u>60.0</u> |



# UB Group Limited

## Notes to the accounts (continued)

### 4 Intangible Assets

|                                  | 1998<br>£m   | 1997<br>£m    |
|----------------------------------|--------------|---------------|
| Trademarks at cost:              |              |               |
| At 3 January 1998                | 6.4          | 73.4          |
| Written off (1997 – disposed of) | <u>(6.4)</u> | <u>(67.0)</u> |
| At 2 January 1999                | <u>-</u>     | <u>6.4</u>    |

### 5 Investments

|   | 1998<br>£m    | 1997<br>£m   |
|---|---------------|--------------|
| Investment in subsidiary undertakings at 3 January 1998 | 355.0         | 355.0        |
| Disposals   | (331.6)       | -            |
| Provision for permanent impairment                      | <u>(22.1)</u> | <u>-</u>     |
| At 2 January 1999                                       | <u>1.3</u>    | <u>355.0</u> |

The Company's principal subsidiary undertaking at 2 January 1999 is The Derwent Valley Food Group Limited, a Company incorporated in England. The Company did not trade during the 52 weeks ended to 2 January 1999.

The above subsidiary is wholly owned.

Group accounts have not been prepared as the Company is a wholly owned subsidiary of United Biscuits (Holdings) plc which does prepare Group Accounts. 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 Provisions for liabilities and charges

|                               | £m           |
|-------------------------------|--------------|
| Provision for rent guarantees |              |
| As at 3 January 1998          | 2.0          |
| Amounts utilised              | <u>(0.9)</u> |
| As at 2 January 1999          | <u>1.1</u>   |

# UB Group Limited

## Notes to the accounts (continued)

### 7 Equity share capital

|  | 1998<br>£m  | 1997<br>£m  |
|--|-------------|-------------|
| Authorised, allotted, called up and fully paid 11 million ordinary shares of £1 each | <u>11.0</u> | <u>11.0</u> |

### 8 Reconciliation of movements in shareholder's funds

|                                     | Called up equity<br>share capital<br>£m | Share<br>premium<br>£m | Profit and<br>loss account<br>£m | 1998<br>Total<br>£m | 1997<br>Total<br>£m |
|-------------------------------------|---|------------------------|----------------------------------|---------------------|---------------------|
| At 3 January 1998                   | 11.0                                    | 155.1                  | 13.8                             | 179.9               | 173.6               |
| Profit attributable to shareholders | -                                       | -                      | 131.0                            | 131.0               | 66.3                |
| Dividends                           | -                                       | -                      | (158.0)                          | (158.0)             | (60.0)              |
| At 2 January 1999                   | 11.0                                    | 155.1                  | (13.2)                           | 152.9               | 179.9               |

# UB Group Limited

## Notes to the accounts (continued)

### 9 Directors' emoluments

|   | 1998<br>£        | 1997<br>£        |
|---|------------------|------------------|
| Emoluments as executives:   |                  |                  |
| - Emoluments  | 1,226,485        | 1,360,039        |
| - Company contributions paid to defined benefit pension scheme      | 202,939          | 198,346          |
|   | <u>1,429,424</u> | <u>1,558,385</u> |
| The amounts in respect of the highest paid director are as follows: |                  |                  |
| - Emoluments  | 508,228          | 571,321          |
| - Company contributions paid to defined benefit pension scheme      | 94,270           | 91,944           |
|   | <u>602,498</u>   | <u>663,265</u>   |
|   | 1998<br>No.      | 1997<br>No.      |
| Members of defined benefit pension scheme                           | 4                | 4                |

The directors of the Company are also directors of fellow subsidiaries. The directors' remuneration for the year was paid by a fellow subsidiary. 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     |                |               |             |
|-------------|-----------------|-------------|-------------|----------------|---------------|-------------|
|             | 1998<br>No.     | 1997<br>No. | 1998<br>No. | Granted<br>No. | Lapsed<br>No. | 1997<br>No. |
| A.G. Clark  | 42,334          | 45,873      | 149,673     | 18,600         | 11,355        | 142,428     |
| A.D. Frew   | 3,471           | 3,662       | 229,298     | 15,900         | -             | 213,398     |
| E.L. Nicoli | 72,961          | 80,258      | 572,241     | 93,200         | 45,126        | 524,167     |
| J.A. Warren | 23,210          | 21,963      | 315,418     | 25,105         | 14,760        | 305,073     |

Since the year end, the beneficial shareholdings of A.G. Clark, A.D. Frew and J.A. Warren have increased by 4,258, 9,597 and 13,794 ordinary shares respectively. Since the year end and prior to 30 April 1999 the beneficial shareholding of E.L. Nicoli increased by 22,333 ordinary shares.

The options are exercisable at prices varying from 159p to 400p up to 19 April 2008.

### 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.