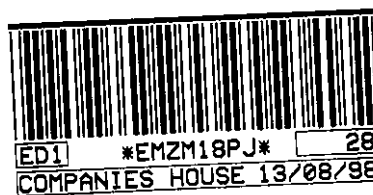


Associated Cold Stores and Transport Limited

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Annual report for the year ended 31 December 1997

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Directors and advisers

Directors

D Bowley (Chairman)
D K W Watt
A P J Dodd
M L Harness
A R Maconachie
B J Miller
A J P Sharman

Registered Auditors

Coopers & Lybrand
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Secretary and registered office

G S G Brown
Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

Bankers

Midland Bank plc
20 Eastcheap
LONDON
EC3M 1ED

Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing.

Review of business

The profit and loss account for the year is set out on page 6.

The directors are pleased to report a satisfactory year's trading. The company's year end financial position was satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

Dividends totalling £1,988,243 have been paid for the year ended 31 December 1997 (1996: £1,483,300).

Directors

The directors of the company at 31 December 1997, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

Directors' interests

Mr D Bowley is a director of Linton Park plc and his interest in shares and loan stock of other group companies is shown in the Directors' Report of that company. None of the other directors who held office at the end of the year had any interest in the shares of the company, or other group companies as recorded in the Register of Directors' Interests.

Employees

The company's policy is to consult and discuss with employees matters likely to affect their interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate.

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company. During the year, the company also achieved certification as an Investor in People in part in recognition of the work done in improving the awareness of its employees.

Creditor payment policy

In respect of certain suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, ensure that the suppliers are made aware of the terms and then to abide by those terms.

In respect of other suppliers it is not the company's policy to settle the terms of payment when agreeing the terms of the related transaction.

The company's average creditor payment period at 31 December 1997 was 66 days (1996: 68 days).

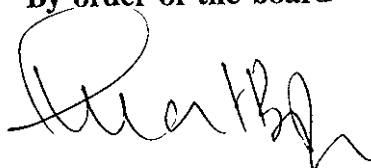
Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Company Secretary

11 May 1998

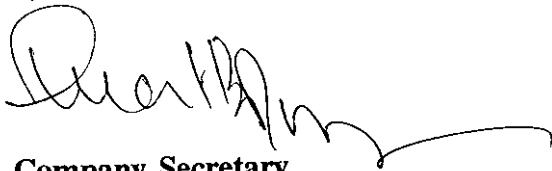
Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Company Secretary

11 May 1998

**Report of the auditors to the members of
Associated Cold Stores and Transport Limited**

We have audited the financial statements on pages 6 to 18.

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 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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Leeds

11 May 1998

**Profit and loss account
for the year ended 31 December 1997**

	Notes	1997 £'000	1996 £'000
Turnover	2	26,067	23,520
Cost of sales		(18,297)	(16,503)
Gross profit		7,770	7,017
Administrative expenses		(3,835)	(3,565)
Operating profit		3,935	3,452
Interest receivable		67	20
Interest payable and similar charges	5	(634)	(478)
Profit on ordinary activities before taxation	6	3,368	2,994
Tax on profit on ordinary activities	7	(835)	(769)
Profit on ordinary activities after taxation		2,533	2,225
Dividends	8	(1,988)	(1,483)
Retained profit for the year	18	545	742

All of the operations included in the profit and loss account above relate to continuing operations.


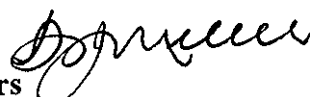
The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	<u>24,416</u>	<u>23,588</u>
Current assets			
Stocks	11	225	227
Debtors	12	5,660	5,325
Cash at bank and in hand		<u>149</u>	<u>3</u>
		<u>6,034</u>	<u>5,555</u>
Creditors: amounts falling due within one year	13	<u>(7,604)</u>	<u>(7,891)</u>
Net current liabilities		<u>(1,570)</u>	<u>(2,336)</u>
Total assets less current liabilities		<u>22,846</u>	<u>21,252</u>
Creditors: amounts falling due after more than one year	14	<u>(6,564)</u>	<u>(5,515)</u>
Net assets		<u><u>16,282</u></u>	<u><u>15,737</u></u>
Capital and reserves			
Called up share capital	17	9,000	9,000
Profit and loss account	18	<u>7,282</u>	<u>6,737</u>
Equity shareholders' funds	19	<u><u>16,282</u></u>	<u><u>15,737</u></u>

The financial statements on pages 6 to 18 were approved by the board of directors on 6th May 1998 and were signed on its behalf by:



Directors

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold and leasehold properties.

Cash flow statement

During the year the company was a wholly owned sub-subsidiary of Linton Park plc which publishes consolidated financial statements. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing its own cash flow statement.

Turnover

Turnover represents amounts received and receivable for goods and services supplied to customers during the year, excluding value added tax.

Tangible fixed assets

Depreciation of tangible fixed assets is charged on a straight line basis so as to write off the cost or valuation of the assets, less any residual value, over their expected useful lives, which are as follows:

Freehold buildings	10 - 35 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant and equipment	4 - 30 years
Motor vehicles	4 - 10 years

Freehold land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under hire purchase contracts. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under hire purchase contracts are depreciated over the useful lives of equivalent owned assets.

1 Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision has been made for obsolete and slow moving items.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange are credited or charged directly to the profit and loss account.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences arising from the treatment of certain items for accounting and taxation purposes. Provision is only made where these differences are expected to reverse in the foreseeable future.

Pension costs

The cost of providing pensions is charged to the profit and loss account systematically over the periods benefitting from the employees' services in accordance with Statement of Standard Accounting Practice Number 24. Pension arrangements are detailed in note 16.

2 Turnover

	1997 £'000	1996 £'000
Geographical segment		
United Kingdom	25,878	23,472
EEC (other than UK)	189	48
	<u>26,067</u>	<u>23,520</u>

3 Directors' emoluments

Mr D M Nurse resigned as a director on 31 March 1995. He has continued to provide consultancy services to the company. The amounts payable to him in respect of consultancy fees and related expenses during 1997 amounted to £9,231 (1996: £25,831).

3 Directors' emoluments (continued)

	1997 £'000	1996 £'000
Salary	310	292
Company pension contributions	28	26
	<u>338</u>	<u>318</u>

Retirement benefits are accruing to all of the directors under a defined benefit scheme.

The above emoluments include amounts paid to the highest paid director as follows:

	1997 £'000
Salary and other emoluments (including benefits in kind)	66
Retirement benefit schemes: accrued pension at end of year	17
	<u>83</u>

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1997 Number	1996 Number
By activity		
Management	27	27
Administration	44	38
Production and sales	316	306
	<u>387</u>	<u>371</u>

	1997 £'000	1996 £'000
Staff costs (for the above persons)		
Wages and salaries	7,178	6,547
Social security costs	561	530
Other pension costs (see note 16)	382	339
	<u>8,121</u>	<u>7,416</u>

5 Interest payable and similar charges

	1997 £'000	1996 £'000
On bank loans and overdrafts:		
Repayable within 5 years, by instalments	-	9
Repayable wholly or partly in more than 5 years, by instalments	571	376
	<u>571</u>	<u>385</u>
On hire purchase contracts	63	93
	<u>634</u>	<u>478</u>

6 Profit on ordinary activities before taxation

	1997 £'000	1996 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	40	33
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	1,709	1,630
Tangible fixed assets held under hire purchase contracts	347	375
Auditors' remuneration for:		
Audit	18	17
Hire of plant and machinery - operating leases	115	16
Hire of other assets - operating leases	861	593

7 Tax on profit on ordinary activities

	1997 £'000	1996 £'000
United Kingdom corporation tax at 31.5% (1996: 33%):		
Current	835	769

8 Dividends

	1997 £'000	1996 £'000
Dividends on ordinary shares		
Interim	1,473	680
Final proposed	515	803
	<u>1,988</u>	<u>1,483</u>

9 Tangible fixed assets

	Assets under construction £'000	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 January 1997	2,043	13,338	22,520	1,447	39,348
Additions	-	1,412	3,345	257	5,014
Disposals	(2,043)	-	(844)	(279)	(3,166)
At 31 December 1997	-	14,750	25,021	1,425	41,196
Depreciation					
At 1 January 1997	-	3,767	10,995	998	15,760
Charge for the year	-	492	1,425	139	2,056
Disposals	-	-	(757)	(279)	(1,036)
At 31 December 1997	-	4,259	11,663	858	16,780
Net book value					
At 31 December 1997	-	10,491	13,358	567	24,416
Net book value					
At 31 December 1996	2,043	9,571	11,525	449	23,588
Cost or valuation at 31 December 1997 is represented by					
Valuation in					
1978	-	3,233	-	-	3,233
1983	-	327	-	-	327
Cost	-	11,190	25,021	1,425	37,636
	-	14,750	25,021	1,425	41,196

Land and buildings were valued at open market value for existing use for the purposes of the 1978 and 1983 financial statements.

Land and buildings at net book value comprise:

	1997 £'000	1996 £'000
Freeholds	9,671	8,825
Long leaseholds	196	215
Short leaseholds	624	531
	10,491	9,571

9 Tangible fixed assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	1997 £'000	1996 £'000
Cost	14,939	13,527
Aggregate depreciation based on cost	(4,398)	(3,916)
	<u>10,541</u>	<u>9,611</u>

The net book value of plant and equipment includes an amount of £1,494,713 (1996: £1,810,336) in respect of assets held under hire purchase contracts.

10 Fixed asset investments

	£,000
Cost at 31 December 1996 and 31 December 1997	<u>26</u>
Amounts written off at 31 December 1996 and 31 December 1997	<u>26</u>
Net book value at 31 December 1996 and 31 December 1997	<u>-</u>

Interest in group undertaking

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares and voting rights held by the company
Associated Continental Services NV	Belgium	Ordinary shares of 1,000 Belgian Francs	100%

The above company operated as a transport company principally in its country of incorporation. It was incorporated and commenced trading during 1993. Associated Continental Services NV ceased trading in December 1993. In accordance with Section 229 of the Companies Act 1985, consolidated financial statements have not been prepared because its inclusion is not material for the purpose of giving a true and fair view.

11 Stocks

	1997 £'000	1996 £'000
Raw materials and consumables	<u>225</u>	<u>227</u>

12 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year		
Trade debtors	5,161	4,946
Other debtors	1	1
Prepayments and accrued income	498	378
	<u>5,660</u>	<u>5,325</u>

13 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Bank loans and overdrafts	920	1,228
Obligations under hire purchase contracts	449	531
Trade creditors	3,318	2,462
Amounts owed to parent and fellow subsidiary undertakings	5	2
Corporation tax payable	835	769
Other taxation and social security payable	679	608
Accruals and deferred income	883	1,488
Dividends payable	515	803
	<u>7,604</u>	<u>7,891</u>

14 Creditors: amounts falling due after more than one year

	1997 £'000	1996 £'000
Bank loans	6,318	5,013
Obligations under hire purchase contracts	246	502
	<u>6,564</u>	<u>5,515</u>

Bank loans and overdrafts

	1997 £'000	1996 £'000
Repayable as follows:		
In one year or less	920	1,228
Between one and two years	920	670
Between two and five years	2,760	2,010
In five years or more	2,638	2,333
	<u>7,238</u>	<u>6,241</u>

14 Creditors: amounts falling due after one year (continued)

Bank loans totalling £7,237,500 are repayable by instalments as follows:

- (a) £1,375,000 by equal quarterly instalments over the period up to February 2004;
- (b) £2,712,500 by equal quarterly instalments over the period up to August 2005; and
- (c) £3,150,000 by equal quarterly instalments over the period up to December 2006.

Interest, is payable on the above loans up to a maximum rate of 1% above LIBOR.

The two loans totalling £5,862,500 are secured by a mortgage on one of the company's freehold properties. The other loan is secured by a first fixed charge on debts due to the company, and a floating charge over all other assets of the company.

Hire purchase contracts

The net obligations to which the company is committed under hire purchase contracts are as follows:

	1997 £'000	1996 £'000
In one year or less	449	531
Between one and two years	168	337
Between two and five years	78	165
	<u>695</u>	<u>1,033</u>

15 Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Tax effect of timing differences because of Excess of tax allowances over depreciation	-	-	3,719	3,705
	<u>-</u>	<u>-</u>	<u>3,719</u>	<u>3,705</u>

16 Pensions

The company participates in the group pension schemes operated by Associated Fisheries plc and funded by contributions from members and from the company. One scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 1 January 1997. Particulars of the valuation are contained in the financial statements of Linton Park plc.

The other scheme is a defined contribution scheme. This scheme has an independently administered fund and contributions are charged to the profit and loss account when payable.

The total cost for the company in the year ended 31 December 1997 was £382,469 (1996: £339,673).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year in respect of either scheme.

17 Called up share capital

	1997 £'000	1996 £'000
Authorised, allotted, called up and fully paid 9,000,000 ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>

18 Profit and loss account

	£'000
At 1 January 1997	6,737
Retained profit for the year	<u>545</u>
At 31 December 1997	<u><u>7,282</u></u>

19 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
Profit for the financial year	2,533	2,225
Dividends	(1,988)	(1,483)
	<u>545</u>	<u>742</u>
Net addition to shareholders' funds		
Opening shareholders' funds	15,737	14,995
Closing shareholders' funds	<u>16,282</u>	<u>15,737</u>

20 Capital commitments

	1997 £'000	1996 £'000
Future capital expenditure		
Contracted but not provided for	<u>182</u>	<u>1,514</u>

21 Contingent liabilities

The company has entered into a cross guarantee with Associated Fisheries plc and certain fellow group undertakings in respect of advances and borrowings from Midland Bank plc. At 31 December 1997 the aggregate of these advances and borrowings was £111,018 (1996: £255,777).

The company had a contingent liability of £25,000 in respect of the cost of road improvements in Park Lane, Wolverhampton under a Section 106 agreement.

The company had a contingent liability of £24,750 in respect of a guarantee given by the company's bankers to Wolverhampton Council in respect of certain assets under construction at the year end.

22 Financial commitments

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:-

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	4	-	4	15
Expiring between two and five years inclusive	-	686	-	210
Expiring in over five years	128	141	224	312
	<u>132</u>	<u>827</u>	<u>228</u>	<u>537</u>

23 Related party transactions

The company has taken exemption under Financial Reporting Standard No 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of the ultimate parent company.

24 Ultimate and immediate parent companies

The directors regard Camellia Investments plc, a company incorporated in Great Britain and registered in England, as the ultimate parent company. The company's immediate parent company is Associated Fisheries plc, a company registered in England. Copies of the ultimate parent company's consolidated financial statements may be obtained from Linton Park, Linton, Near Maidstone, Kent, ME17 4AB.