

ASSOCIATED FAMILY BAKERS (SURREY) LIMITED

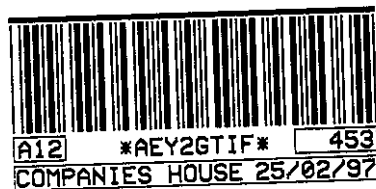
REPORT AND ACCOUNTS

27 APRIL 1996

Registered number: 734900

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ASSOCIATED FAMILY BAKERS (SURREY) LIMITED
DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 27 April 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company was the production and sale of bakery products. On 30 April 1995, the directors transferred the business, assets and liabilities to British Bakeries Limited, its parent undertaking, for cash consideration of £7.0 million, resulting in a profit of £5.5 million. The company ceased to trade from that date.

DIVIDENDS AND APPROPRIATIONS

The directors do not recommend payment of a dividend.

The right to dividends on the 6.5% cumulative preference shares has been waived by the shareholders.

DIRECTORS

R. N. Marchant (appointed 31 March 1996), a director of the company, is a director of the ultimate parent company, Tomkins PLC.

The other director, and her interest in the ordinary shares of Tomkins PLC, is:

	Fully paid shares		27 April 1996	Options to purchase shares		29 April 1995*
	27 April 1996	29 April 1995*		Granted during year	Exercised during year	
D. P. Burton - (appointed 24 April 1996)	31,446	31,446	135,026	-	-	135,026

* or later date of appointment


R. G. V. Murray, a director of the company, died on 3 March 1996. P. N. Wilkinson and B. J. Chapman resigned as directors of the company on 31 March 1996 and 24 April 1996 respectively.

No director had any material interest in any contract or arrangement subsisting during the year with the company.

STATUTORY DISPENSATION

The company has in force, under Section 379A of the Companies Act 1985, an election dispensing with the laying of accounts and reports before the company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

Approved by the Board on 19 July 1996
and signed on its behalf by



D. P. BURTON
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 for the year. In preparing those financial statements, the directors are required to:

- i. select suitable accounting policies and apply them consistently;
- ii. make judgments and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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.

AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED FAMILY BAKERS (SURREY) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described above, 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.

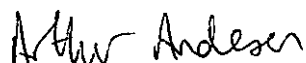
Basis of opinion

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 judgments 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 at 27 April 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN

Chartered Accountants and Registered Auditors

London

19 July 1996

ASSOCIATED FAMILY BAKERS (SURREY) LIMITED
 PROFIT AND LOSS ACCOUNT

YEAR ENDED 27 APRIL 1996

	Notes	1996 £000	1995 £000
Discontinued operations			
Turnover	1	-	12,061
Operating loss after management charges	1	-	(2,908)
Profit on sale of property		-	324
Profit on transfer of business	16	5,533	-
Profit/(loss) on ordinary activities before tax	2	5,533	(2,584)
Tax on profit/(loss) on ordinary activities	4	-	73
Profit/(loss) on ordinary activities after tax		5,533	(2,511)
Deficiency at 29 April 1995		(3,395)	(884)
Retained profits/(deficiency) at 27 April 1996		2,138	(3,395)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses, other than the profit/(loss) on ordinary activities after tax for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

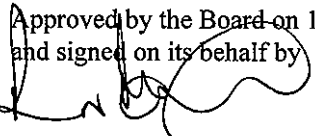
The profits/(losses) for 1996 and 1995 respectively are reported under the historical cost convention.

ASSOCIATED FAMILY BAKERS (SURREY) LIMITED
BALANCE SHEET

AS AT 27 APRIL 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Tangible assets	5	-	1,873
CURRENT ASSETS			
Stock	6	-	282
Debtors - amounts falling due within one year	7	-	6,260
Debtors - amounts falling due after more than one year	7	3,030	552
		<u>3,030</u>	<u>7,094</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	8	-	(2,555)
NET CURRENT ASSETS		<u>3,030</u>	<u>4,539</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,030</u>	<u>6,412</u>
Creditors - amounts falling due after more than one year	9	-	(8,915)
NET ASSETS/(LIABILITIES)		<u>3,030</u>	<u>(2,503)</u>
CAPITAL AND RESERVES			
Called up share capital	11	890	890
Capital reserve		2	2
Profit and loss account		2,138	(3,395)
Shareholders' funds/(deficiency)			
Equity		2,981	(2,552)
Non-equity		49	49
		<u>2,981</u>	<u>(2,552)</u>
SHAREHOLDERS' FUNDS/(DEFICIENCY)	12	<u>3,030</u>	<u>(2,503)</u>

Approved by the Board on 19 July 1996
and signed on its behalf by


R. N. MARCHANT
Director

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention.

Accounting period

The accounts are for the fifty-two weeks ended 27 April 1996. In 1995 the accounts were for the fifty-two weeks ended 29 April 1995.

Turnover

Turnover comprises sales in the ordinary course of business to customers for goods supplied and services provided, exclusive of value added tax.

Fixed assets

Fixed assets are stated at cost net of depreciation. Freehold land is not depreciated. Depreciation of tangible fixed assets, other than freehold land, is provided on the straight line basis over their anticipated useful lives:

Freehold buildings	- Forty years
Plant, equipment and vehicles	- Four to fifteen years

Operating leases

Operating lease rentals are charged to the profit and loss account on the straight line basis over the periods of the leases.

Stock

Stock is valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items. Net realisable value is estimated selling price less cost to complete and sell.

Tax

The tax charge is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes. Deferred tax is calculated under the liability method and it is considered probable that all liabilities will crystallise.

In accordance with the accounting policy of the ultimate parent company, the company does not make or receive payment for group relief or advance corporation tax surrendered.

Pension benefits

The cost of the defined benefit pension plan is charged to the profit and loss account so as to spread the cost over the employees' working lives with the company.

1 TURNOVER AND OPERATING LOSS

a. Turnover and operating loss are attributable to the principal activity of the company.

b. Operating expenses	1996 £000	1995 £000
Cost of sales	-	13,404
Distribution costs	-	1,098
Administration expenses	-	467
	<u>-</u>	<u>14,969</u>

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX
is stated after charging:

	1996 £000	1995 £000
Depreciation of fixed assets	-	393
Hire of plant & machinery, including operating leases	-	52
Rents under other operating leases	-	77
Auditors - audit fee and expenses	-	7
	<u>-</u>	<u>7</u>

The audit fee has been borne by the parent undertaking in 1996. No fees were paid to Arthur Andersen for non-audit services in either year.

3 DIRECTORS AND EMPLOYEES

No emoluments were paid to any of the directors during either year. No director had a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the other directors, requires disclosure.

The average number of persons employed by the company during the year was:

	1996 Number	1995 Number
Production	-	130
Selling and distribution	-	30
Administration	-	15
	<u>-</u>	<u>175</u>

Staff costs were:

	1996 £000	1995 £000
Wages and salaries	-	3,109
Social security costs	-	293
Pension costs (see note 15)	-	79
	<u>-</u>	<u>3,481</u>

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1996 £000	1995 £000
Deferred tax at 33% (see note 10)	-	(73)
	<u>-</u>	<u>(73)</u>

5	TANGIBLE FIXED ASSETS	Total £000	Freehold land and buildings £000	Plant, equipment and vehicles £000
	Cost			
	At 29 April 1995	5,683	1,330	4,353
	Transfers to group undertakings	(5,683)	(1,330)	(4,353)
	At 27 April 1996	-	-	-
	Depreciation			
	At 29 April 1995	3,810	304	3,506
	Transfers to group undertakings	(3,810)	(304)	(3,506)
	At 27 April 1996	-	-	-
	Net book value			
	At 29 April 1995	1,873	1,026	847
	At 27 April 1996	-	-	-

Freehold land amounting to nil (1995 - £618,000) is not depreciated.

6	STOCK	1996 £000	1995 £000
	Raw materials	-	282
7	DEBTORS	1996 £000	1995 £000
	Amounts falling due within one year:		
	Trade debtors	-	266
	Amounts owing by group undertakings	-	5,813
	Deferred tax (see note 10)	-	96
	Taxes and social security	-	35
	Prepayments and accrued income	-	50
		-	6,260
	Amounts falling due after more than one year:		
	Amounts owing by group undertakings	3,030	552
		3,030	6,812

The amounts falling due after more than one year owing by group undertakings are interest free and have no specified terms of repayment. None of the parties anticipate that any substantial part thereof will be repaid within the next twelve months.

8	CREDITORS - amounts falling due within one year	1996 £000	1995 £000
	Trade creditors	-	659
	Amounts owing to group undertakings	-	1,430
	Taxes and social security	-	105
	Other creditors	-	41
	Accruals and deferred income	-	320
		-	2,555
9	CREDITORS - amounts falling due after more than one year	1996 £000	1995 £000
	Amounts owing to group undertakings	-	8,915
10	DEFERRED TAX ASSET	1996 £000	1995 £000
	At 29 April 1995	96	23
	Credit for the year (see note 4)	-	73
	Transfers to group undertakings	(96)	-
	At 27 April 1996 (see note 7)	-	96
	The deferred tax asset comprises:		
	Shortfall of capital allowances over depreciation charged	-	86
	Other timing differences	-	10
		-	96
11	SHARE CAPITAL	Number	£000
	Authorised		
	Ordinary shares of £1 each	950,000	950
	6.5% cumulative preference shares of £1 each - non-equity	50,000	50
	At 27 April 1996 and 29 April 1995	1,000,000	1,000
	Allotted and fully paid		
	Ordinary shares of £1 each	841,272	841
	6.5% cumulative preference shares of £1 each - non-equity	48,397	49
	At 27 April 1996 and 29 April 1995	889,669	890

Non-equity shareholders' funds relate entirely to the 6.5% cumulative preference shares. These shares carry an entitlement to dividend at the rate of 6.5% (net) per share per annum. The right to dividends on the 6.5% cumulative preference shares has been waived by the shareholders. Holders of the cumulative preference shares have the right on winding up to receive, in priority to any other classes of shares, the paid up capital on such shares together with any arrears of dividend.

12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1996 £000	1995 £000
	Profit/(loss) on ordinary activities after tax	5,533	(2,511)
	(Deficiency)/shareholders' funds at 29 April 1995	(2,503)	8
	Shareholders' funds/(deficiency) at 27 April 1996	<u>3,030</u>	<u>(2,503)</u>

13 FUTURE CAPITAL EXPENDITURE

Capital expenditure authorised by the directors at the year end but not provided for in the accounts was:

	1996 £000	1995 £000
Contracts not placed	<u>-</u>	<u>119</u>

14 FINANCIAL COMMITMENTS

There are obligations under operating leases to pay rentals during the next year, which expire:

	Land and buildings		Plant, equipment and vehicles	
	1996 £000	1995 £000	1996 £000	1995 £000
Between one and five years	-	-	-	30
Over five years	-	77	-	9
	<u>-</u>	<u>77</u>	<u>-</u>	<u>39</u>

15 PENSION COMMITMENTS

The company contributed to the RHM Pension Scheme (the "plan"), which is administered by a fellow subsidiary undertaking, to provide benefits based on final pensionable salary for most employees. The assets of the plan are held in separate funds administered by trustees. The pension cost relating to the plan is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The pension cost for 1995 of £79,000 was determined so as to spread the cost of pensions over employees' working lives with the company. Details of the last actuarial valuation are disclosed in the accounts of Ranks Hovis McDougall Limited.

After the transfer of the business, assets and liabilities to British Bakeries Limited, the company's parent undertaking, (see note 16), the employees became employees of British Bakeries Limited. The employees remain within the same pension plan and contributions to the plan are being met by British Bakeries Limited.

16 TRANSFER OF BUSINESS, ASSETS AND LIABILITIES

On 30 April 1995, the company transferred its business, assets and liabilities to British Bakeries Limited, its parent undertaking. The company ceased to trade from that date.

The net assets disposed of and the related sale proceeds were as follows:

	£000
Fixed assets	1,873
Stock	282
Debtors	351
Creditors - amounts falling due within one year	(1,125)
Deferred tax	96
	<hr/>
Profit on transfer of business assets and liabilities	1,477
	5,533
	<hr/>
Consideration (cash)	7,010
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17 PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

British Bakeries Limited is the company's parent undertaking and Tomkins PLC is the company's ultimate parent company.

Tomkins PLC produces group accounts; copies of which may be obtained from The Secretary, Tomkins PLC, East Putney House, 84 Upper Richmond Road, London SW15 2ST.