

ERMS (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1996
(Company Number: 1993374)



ERMS (UK) LIMITED

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ERMS (UK) LIMITEDCOMPANY INFORMATION

DIRECTORS: I M Smith (British)
A F Troost (Dutch)

SECRETARY: A F Troost

REGISTERED OFFICE
AND BUSINESS ADDRESS: Common Lane
Witchford
Ely
Cambs
CB6 2HZ

AUDITORS AND
FINANCIAL ADVISERS: Keens Shay Keens
Exchange Building
16 St.Cuthberts Street
Bedford
MK40 3JG

BANKERS: National Westminster Bank PLC
Woolpack Chambers
16 Market Street
Ely
Cambs
CB7 4LS

LEGAL ADVISERS: Borneo Martell & Partners
Dixon House
77-93 Harpur Street
Bedford
MK40 2SY

ERMS (UK) LIMITEDREPORT OF THE DIRECTORS

The Directors present their annual report together with the Financial Statements of the Company for the year ended 31st December 1996.

RESULTS AND DIVIDENDS

The results for the year are set out in the Profit and Loss Account on page 5.

The Directors do not recommend the payment of a dividend (1995 - Nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the importation and wholesale distribution of salad products.

BUSINESS REVIEW

The Directors are satisfied with the results for the year and are confident that the Company is well placed for the future.

FIXED ASSETS

Details relating to Fixed Assets are set out in the Notes to the Financial Statements.

DIRECTORS

The names of the Directors who served during the year are set out on page 1.

DIRECTORS' INTERESTS

The Directors have no beneficial interest in the shares of the Company.

A F Troost holds a 100% beneficial interest in the Ultimate Holding Company's Ordinary Share Capital as at 31st December 1996. Full details of his shareholdings in the Group are disclosed in the Financial Statements of that Company.

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 or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- follow applicable accounting standards, 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 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.

ERMS (UK) LIMITEDREPORT OF THE DIRECTORSGOING CONCERN

The Directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

AUDITORS

Keens Shay Keens have expressed their willingness to be re-appointed as Auditors to the Company.

By Order of the Board



A. F. TROOST
Secretary

Common Lane
Witchford
Ely
Cambs
CB6 2HZ

30TH SEPTEMBER 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

ERMS (UK) LIMITED

We have audited the Financial Statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHARTERED ACCOUNTANTS

AND

REGISTERED AUDITOR

Exchange Building
16 St. Cuthberts Street
Bedford
MK40 3JG

10th September / 1997

ERMS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
<u>TURNOVER</u>	3	4,318,826	4,579,887
Cost of Sales		3,882,693	4,195,837
<u>GROSS PROFIT</u>		436,133	384,050
Other Operating Expenses (Net)	2	361,612	364,333
<u>OPERATING PROFIT</u>		74,521	19,717
Investment Income	5	7,622	9,530
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	3	82,143	29,247
Taxation	6	22,521	7,407
<u>RETAINED PROFIT FOR THE YEAR</u>	14	£ 59,622	£ 21,840

None of the Company's activities were acquired or discontinued during the year, nor in the preceding year.

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

The notes on pages 8 to 12 form part of these Financial Statements.

ERMS (UK) LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
<u>Net Cash Inflow/(Outflow) from</u> <u>Operating Activities</u>	18 (a)	47,194	(79,097)
<u>Returns on Investments and</u> <u>Servicing of Finance</u>			
Interest Received		7,622	9,530
<u>Taxation</u>			
Tax Paid		(9,272)	(19,680)
<u>Investing Activities</u>			
Receipts from Disposals of Tangible Fixed Assets		3,900	12,050
Payments to Acquire Tangible Fixed Assets		(20,739)	(5,269)
		<u>(16,839)</u>	<u>6,781</u>
<u>Increase/(Decrease) in Cash</u> <u>And Cash Equivalents</u>	18 (b)	<u>£ 28,705</u>	<u>£ (82,466)</u>

Note 18 on Page 12 forms part of this Statement.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19961. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable accounting standards. A summary of the principal accounting policies which have been consistently applied throughout the year, and in the preceding year, is set out below.

(a) Basis of Accounting

The Financial Statements of the Company have been prepared under the historical cost convention.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at cost to the Company. Depreciation and amortisation are charged on these assets from the date of acquisition. Provision is made to write off the cost of the assets over their expected useful lives on a straight line basis at the following rates:

Short Term Leasehold Property	- Over 9 Years
Plant and Machinery	- 20%
Motor Vehicles	- 33 1/3%, subject to a minimum book value equivalent to 10% of cost
Fixtures, Fittings, Tools and Equipment	- 10%

(c) Stocks

Stock is valued at the lower of cost and net realisable value.

(d) Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting Value Added Tax.

(e) Deferred Taxation

Deferred taxation in respect of Capital Allowances and other timing differences is provided under the liability method at the rate at which the liability is anticipated to crystallise.

(f) Pension Costs

The annual costs of the Company's defined contribution pension scheme are charged to the Profit and Loss Account in the year they arise.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19961. ACCOUNTING POLICIES (continued)(g) Foreign Currencies

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.

2. OTHER OPERATING EXPENSES (NET)

	<u>1996</u>	<u>1995</u>
Administrative Expenses	£ 361,612	£ 364,333

3. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is derived from the Company's principal activity, as stated in the Directors' Report, and arises principally from within the UK market.

Profit on Ordinary Activities before Taxation is stated after charging:

Depreciation and amounts written off

Tangible Fixed Assets:

Charge for the year	£ 19,013	£ 26,788
Auditors' Remuneration - Audit Services	£ 4,950	£ 4,850
- Other Services	£ 105	£ 103

and after crediting:

Profit on Disposal of Tangible Fixed Assets	£ 1,106	£ 462
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4. EMPLOYEES

Staff costs during the year were:

Wages and Salaries	£ 182,264	£ 207,321
Social Security Costs	£ 16,781	£ 20,359
Other Pension Costs	£ 12,153	£ 12,369

NumberNumber

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

Administration and Selling	5	5
Warehouse and Packing	7	8

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19964. EMPLOYEES (continued)19961995Directors' Remuneration

Staff costs include the following remuneration in respect of the Directors:

Fees	52,413	45,377
Other Emoluments	6,403	6,194
	<u>£ 58,816</u>	<u>£ 51,571</u>

The Directors' Remuneration is paid entirely to the British Director.

5. INVESTMENT INCOME

Interest Receivable	<u>£ 7,622</u>	<u>£ 9,530</u>
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6. TAXATION

UK Corporation Tax at current rates:

Current	23,057	9,272
Underprovision in respect of prior year	-	115
Deferred	(536)	(1,980)
	<u>£ 22,521</u>	<u>£ 7,407</u>

7. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Short Term Leasehold Premises</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fittings, Fixtures, and Equipment</u>	<u>Total</u>
At 1st January 1996	1,891	67,589	39,710	33,231	142,421
Additions	-	1,794	17,592	1,353	20,739
Disposals	-	-	(12,105)	-	(12,105)
At 31st December 1996	<u>£ 1,891</u>	<u>69,383</u>	<u>45,197</u>	<u>34,584</u>	<u>151,055</u>
<u>Depreciation</u>					
At 1st January 1996	1,037	41,920	31,880	13,750	88,587
Charge for the Year	214	12,079	3,741	2,979	19,013
Disposals	-	-	(9,311)	-	(9,311)
At 31st December 1996	<u>£ 1,251</u>	<u>53,999</u>	<u>26,310</u>	<u>16,729</u>	<u>98,289</u>
<u>Net Book Value</u>					
At 31st December 1996	<u>£ 640</u>	<u>15,384</u>	<u>18,887</u>	<u>17,855</u>	<u>52,766</u>
At 31st December 1995	<u>£ 854</u>	<u>25,669</u>	<u>7,830</u>	<u>19,481</u>	<u>53,834</u>

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1996

<u>8. COMMITMENTS FOR CAPITAL EXPENDITURE</u>	<u>1996</u>	<u>1995</u>
Contracted for but not provided for in the Financial Statements	£ 12,800	£ -
<u>9. STOCKS</u>		
Produce Goods For Resale	£ 24,083	£ 71,075
<u>10. DEBTORS</u>		
Trade Debtors	797,349	758,426
Other Debtors	16,802	12,892
Prepayments	16,411	21,103
	£ 830,562	£ 792,421
<u>11. CREDITORS</u>		
<u>Amounts falling due within one year:</u>		
Trade Creditors	389,847	409,893
Amounts Owed to Ultimate Holding Company, Parent Undertaking and Fellow Subsidiary Undertakings	151,673	185,700
Corporation Tax	23,057	9,272
Other Taxation and Social Security payable	14,795	13,615
Other Creditors	13,458	11,100
Accrued Expenses	5,000	8,550
	£ 597,830	£ 638,130
<u>12. PROVISION FOR LIABILITIES AND CHARGES</u>		
<u>Deferred Taxation</u>		
Capital Allowances in excess of depreciation provision	£ 1,294	£ 1,830
<u>13. CALLED UP SHARE CAPITAL</u>		
<u>Authorised:</u>		
15,000 Ordinary Shares of £1 Each	£ 15,000	£ 15,000
<u>Allotted, Called Up and Fully Paid:</u>		
15,000 Ordinary Shares of £1 Each	£ 15,000	£ 15,000

Details of the Directors' interests in the shares of the Company are included in the Report of the Directors.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1996

	<u>1996</u>	<u>1995</u>
<u>14. PROFIT AND LOSS ACCOUNT</u>		
At 1st January 1996	439,073	417,233
Retained Profit for the Year	59,622	21,840
At 31st December 1996	<u>£ 498,695</u>	<u>£ 439,073</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Retained Profit for the Year	59,622	21,840
Opening Shareholders' Funds	454,073	432,233
Closing Shareholders' Funds	<u>£ 513,695</u>	<u>£ 454,073</u>

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Intercaribbean Krause Nederland BV., a company incorporated in The Netherlands.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 1996 (1995 - Nil).

18. NOTES TO THE CASH FLOW STATEMENT**(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<u>1996</u>	<u>1995</u>
Operating Profit	74,521	19,717
Depreciation	19,013	26,788
Profit on Disposals of Tangible Fixed Assets	(1,106)	(462)
Decrease/(Increase) in Stock	46,992	(23,182)
Increase in Debtors	(38,141)	(167,446)
(Decrease)/Increase in Creditors	(54,085)	65,488
Net Cash Inflow/(Outflow) from Operating Activities	<u>£ 47,194</u>	<u>£ (79,097)</u>

(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Balance at 1st January 1996	176,703	259,169
Net cash Inflow/(Outflow)	28,705	(82,466)
Balance at 31st December 1996	<u>£ 205,408</u>	<u>£ 176,703</u>

(c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Cash at Bank and in Hand	<u>£ 205,408</u>	<u>£ 176,703</u>
<u>Increase In Year</u>	<u>£ 28,705</u>	